

Fiscal 2007



Preliminary Budget Plan

**Martin O'Malley, Mayor
City of Baltimore, Maryland**

The seal of the City of Baltimore is a large, faint watermark in the background. It features a circular design with the words "CITY OF BALTIMORE" around the perimeter and "1797" at the bottom. In the center is a detailed illustration of the Baltimore City Hall building.

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Edward J. Gallagher
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Raymond S. Wacks
Budget Director

Cover: The fountains of War Memorial Plaza, City Hall

Mayor Martin O'Malley officially rededicated the new War Memorial Plaza at a ceremony honoring Baltimore's veterans on November 10, 2005. War Memorial Plaza is bordered by City Hall and Lexington, Gay and Fayette Streets. The Plaza is located on a tract of land dedicated by the Mayor and City Council of Baltimore on November 11, 1920, as a tribute to the 1,769 Marylanders who died during World War I. Since then, the Plaza has come to serve as a tribute to all the men and women who have served our nation and continue to serve in our Armed Forces.

Photographer: Jay Baker, Office of Mayor Martin O'Malley

PRELIMINARY BUDGET PLAN
Table of Contents

Municipal Organization Chart	ii
Letter of Transmittal	iii
The Budget Process	iv

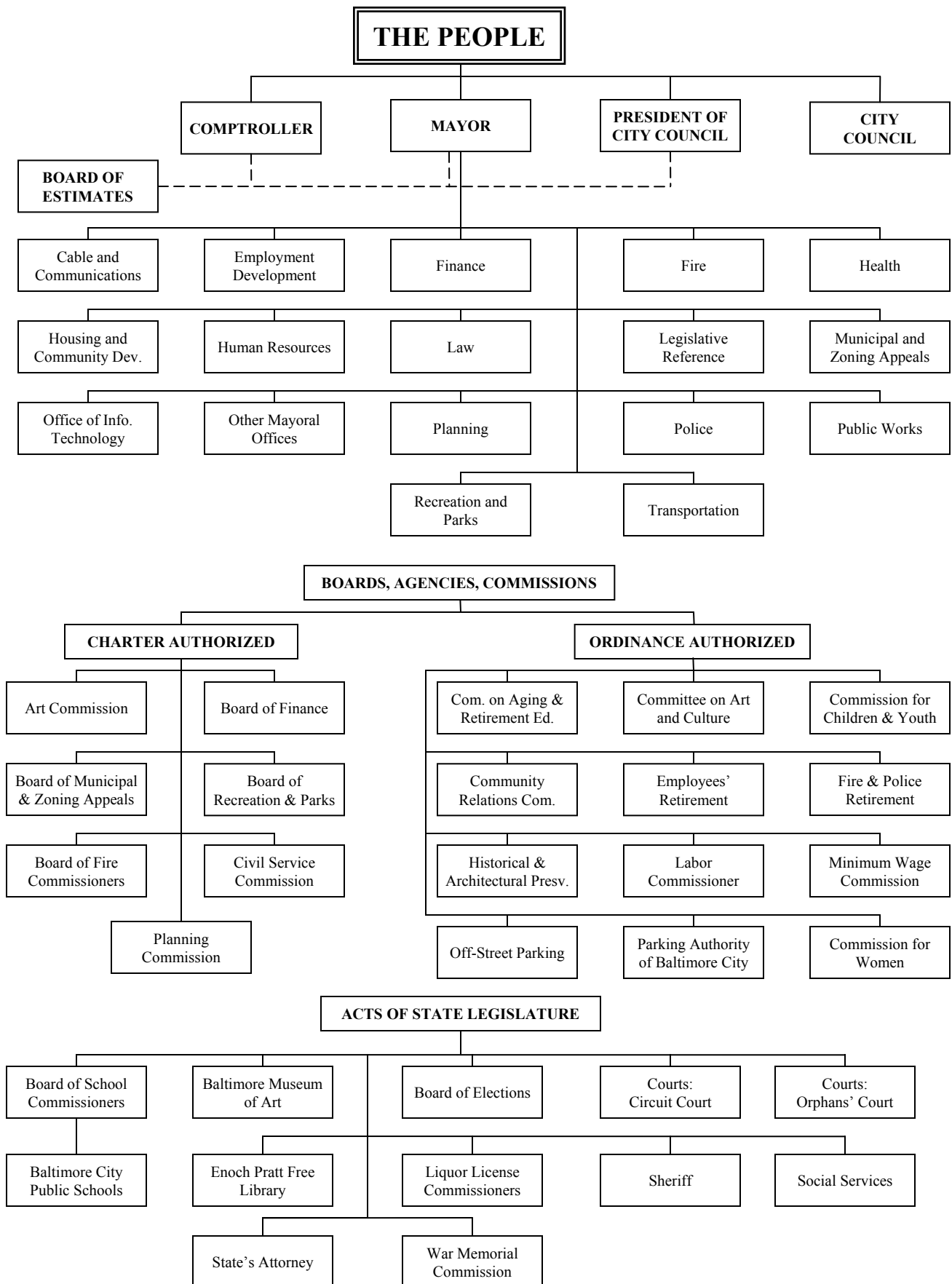
Summary of Recommendations

Recommended Budget Appropriation Levels	3
Economic Outlook.....	5
Revenue Forecast – Major Revenues	9
Energy Tax Rate Calculation	13
Operating Budget Plan	15
Capital Budget Plan.....	31

Summary Tables

Operating and Capital Budget Fund Distribution.....	35
Finance Recommendations by Fund.....	36
Operating Budget	
Compared with Agency Requests and Prior Year Budget	38
Changes to Permanent Full-Time Positions by Agency and Fund	43
Capital Budget	
Total Capital Recommendations.....	46
Fund Distribution by Agency Detail.....	47

MUNICIPAL ORGANIZATION CHART



CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



DEPARTMENT OF FINANCE

EDWARD J. GALLAGHER, Director
469 City Hall
Baltimore, Maryland 21202
(410) 396-4940

March 22, 2006

The Honorable Members of the
Board of Estimates
City Hall, Room 204
Baltimore, Maryland 21202

Re: Preliminary Operating and Capital
Budget Plan - Fiscal 2007

Dear Madam President and Members:

Pursuant to Article VI, Section 4(a) of the Baltimore City Charter, transmitted herewith are the Fiscal 2007 Preliminary Operating and Capital Budget Plans, as prepared by the Department of Finance.

Respectfully submitted,

Raymond S. Wacks, Chief
Budget of the Budget and Management Research



The City of Baltimore's Budget Process

Operating Budget

City agencies send their anticipated operating budget needs to the Department of Finance.

The Department of Finance sends its recommended operating budget to the Board of Estimates.

Capital Budget

City agencies send their anticipated capital budget needs to the Planning Commission.

The Planning Commission sends its recommended capital budget to the Board of Estimates.

The Board of Estimates forwards the proposed capital budget to the Director of Finance and the Board of Finance.

The Director of Finance and the Board of Finance forward their recommended capital budget to the Board of Estimates.

December

March

March

March

You are Here.

March

The Board of Estimates holds hearings on the budget. Agency heads participate. The recommended budget is amended as necessary.

April

The Board of Estimates holds a "Taxpayers' Night" for final citizen input before it votes on the budget.

April

A majority vote of the Board of Estimates approves the total budget and sends it to the City Council.

May

The City Council holds hearings on the total budget. Citizens and agency heads attend.

May

The City Council holds a "Taxpayers' Night" for final citizen input before it votes on the budget.

June

The City Council votes on the budget and sends it to the Mayor.

June

May approve total budget.

Mayor

May disapprove some items and approve the rest.

July

The adopted budget is monitored through the City's system of expenditure controls.

Fiscal 2007
Preliminary Budget Plan

Summary of Recommendations

FISCAL 2007

PRELIMINARY BUDGET PLAN Recommended Budget Appropriation Levels

The total Fiscal 2007 appropriation plan recommended by the Department of Finance for the City of Baltimore is \$2.4 billion. This is an increase of \$60.5 million or 2.6 % above the Fiscal 2006 adopted budget.

The two components of the total recommended appropriation plan are the operating budget plan and the capital budget plan. The operating plan is recommended at \$2.0 billion, which is an increase of \$115.9 million or 6.1%. The capital plan is recommended at \$361.9 million, which is a decrease of \$55.5 million or 13.3%.

Recommended Plan

<i>FISCAL 2007</i>	RECOMMENDED AMOUNT	CHANGE FROM FISCAL 2006	PERCENT CHANGE
OPERATING PLAN	\$2.018 billion	\$115.9 million	6.1%
CAPITAL PLAN	\$361.9 million	\$(55.5) million	(13.3)%
TOTAL PLAN	\$2.379 billion	\$60.5 million	2.6%

SUMMARY OF RECOMMENDATIONS

Economic Outlook

Overview – In the near term, the next sixteen months, the nation, State and City are expected to benefit from continued moderate economic growth, with no material slowdown anticipated. Prior year concerns over the relationships between short and long term interest rates have lessened. This is due to the emerging understanding that the United States (U. S.) has unhealthy economic relationships with its trading partners, and its energy suppliers. They are forced to lend us money and prop up ongoing trade relationships until they develop stronger domestic markets or otherwise undergo dramatic internal changes.

The City must continue to act to shore up its financial reserves, invest in one-time capital and operating system improvements, and avoid using one-time revenues to substantially expand current operating budget obligations. This is necessary in order to weather the national economic slowdown that is possible because of the economic factors that we can not ignore: (1) the federal budget deficit, (2) the foreign trade deficit, and (3) burgeoning consumer debt. All these national debt measures are at record levels. Any one of these debt factors could drag the nation into a recession if a system shock materializes. Such shocks might be more upward spikes in energy costs, unreasonable interest rate hikes, a slowdown of foreign investment in U.S. debt, a deteriorating national security situation or expanding foreign conflicts. Of particular concern is real estate asset price appreciation. Popular media had identified a “housing bubble.”

This forecast presumes no such shocks to the system during the budget period.

Current Situation – Positive Local News – The City enters Fiscal 2007 with the largest General Fund surplus in memory. Like the State, and other Maryland subdivisions, the City has benefited from current economic conditions. Policymakers are addressing how best to use a projected net surplus from Fiscal 2006 operations of about \$61.0 million.

The American economy continues to be a good performer, as measured by traditional indicators such as Gross Domestic Product (GDP). The nation’s GDP grew about 3.1% in calendar 2005, and economists’ forecasts for GDP are in the 3.0% to 4.0% range in calendar 2006 with possible slowing in calendar 2007. The GDP is not as strong as in burgeoning Asian countries like India, where the GDP grew at a 7.6% rate, but is stronger than the European Community where GDP growth was a modest 1.7%. The most recent data available for the Maryland Gross State Product (GSP) shows that it grew 4.8% in 2004 exceeding the national average of 4.3%. That growth exceeded neighboring New Jersey, West Virginia and Pennsylvania but lagged Delaware, the District of Columbia and Virginia. The latest available data from Standard and Poor’s - DRI shows that Baltimore-Towson Metropolitan Product (GMP) for 2004 grew at the national metropolitan area average rate of 6.8%. This reflects the fact that growth is concentrated in the nation’s metropolitan areas and that the Baltimore area is doing well. Solid growth in Baltimore outpaced Philadelphia to the north where GMP grew 5.6% but lagged the growth in the Washington Metro area which increased by 9.2%.

No recession is in sight in the near term. However, there are reasons to be cautious that require prudence in budget decision making.

Underlying Concerns – Some might argue that the economy is operating extraordinarily well, claiming success in dealing with the shocks of the Hurricane Katrina disaster and the related energy supply interruption. They would shrug off the fact that the U.S. is paying for both sides of a war in the Middle East.

Others would argue that the displacements of Hurricane Katrina and the rebuilding of the Gulf Coast region have barely been addressed. Overlooked is the fact that local governments and private businesses around the nation, like Baltimore, moved in to provide assistance to victims of Katrina, backfilling where federal agencies failed to perform. They would also point out that the U.S. energy dependency problem and the debt problems are not being addressed. A basic question must be asked about performance. Does our bag of economic tools measure the right thing? Are these measures meaningful in terms of reflecting improvement in the quality of life, and the security and comfort of all Americans? What is the quality of employment? Is a living wage provided along with adequate health benefits and a reasonably secure retirement? Is compensation equitable and the wealth of a growing economy appropriately shared by households throughout the income spectrum?

Some of the answers are discouraging. The U.S. spends 16.0% of its GDP on health care while 30.0% of the nation has no health insurance. Other developed nations generally spend less than 10.0% while providing broader health coverage. A growing number of private employers are reducing or eliminating retirement programs. The number of people living in poverty is growing. Wealth growth is concentrated at higher income levels. Some researchers identify a shrinking middle class. Other data points to “baby-boomer echo” generations as baby boomers find themselves able to and/or forced to work longer.

This discussion has emphasized in the past that measures being used to gauge the performance of the economy may not be doing the job. In the early 1990s Wal-Mart redefined the meaning of economic indicators regarding inventory by re-shaping the way the supply chain works. In the late 1990s Alan Greenspan struggled with the problem of the failure of existing tools used to measure productivity. There are convincing arguments that the world of foreign trade relationships and business investment patterns comprises the main ingredient of change which is not properly understood or measured.

It is the rate of change that is the most important change. Our ability to measure things tends to lag the changes in the way business is done and the economy performs. It is the identification of the changes that is the most important skill. The ability of public policymakers to draw upon these skills to make appropriate public policy is the most critical action that will affect our future.

The “Elephants in the Corner” – Many economists are concerned that the major problems faced by the economy are not being addressed – the elephants in the corner ignored by everyone in the room. The consumer is supporting a growing share of the GDP. Consumers who now have a record \$2.2 trillion in debt support over 70.0% of the GDP. The personal savings rate was in a negative position in 2005 for the first time since the Great Depression. The federal budget deficit is a record \$8.2 trillion. The long-term viability of major federal spending

programs such as Medicare and Social Security are not being addressed. The overall share of Government spending as a proportion of GDP has declined over the last three decades. State and local capital borrowing for new investment declined in Fiscal 2005 while refinancing grew to take advantage of low interest rates. Businesses likewise are not fully investing the cash reserves that have built up in recent years. Instead this past year has witnessed record utilization of cash to re-purchase stock. Some speculate this may be an effort to shore up equity prices. The trade deficit share of the GDP, last positive in 1971, is now a negative 5.2%. The foreign trade deficit grew a record \$726.0 billion in 2005, and monthly deficit reports continue to set records.

Emerging Evidence of the Elephants – One of the immediate indicators in the 2007 City budget that all is not well with this debt driven economy is the fact that the City is allocating \$11.9 million in General Fund spending to backfill gaps created by cutbacks in federal domestic spending. Details are presented in the Operating Budget Plan discussion of critical public safety, housing and community development and job training costs assumed by the City.

A second major negative is that budgeted energy costs are being driven up \$7.0 million due to the demand from growing economies abroad and the effect of deregulating the utility industry. Thirdly, other budget costs are being driven up as supply costs increase due to foreign demand. For instance, the American roofing industry forecasts that China, the world's largest roofer, will annually roof over an area 10.5 times greater than the land area of Baltimore or 2.6 times greater than the land area of New York City.

In order to sustain investor interest in American debt, curb perceived and real inflationary threats and tame the expansion of unreasonable real estate asset valuations, the Federal Reserve has increased and will likely continue to increase interest rates.

This has contributed to the fourth and most immediate major indicator of a change in course that affects the upcoming budget. Widely published accounts warn that these growth trends are unlikely to be sustained and will moderate thereby necessitating caution.

The Task Ahead – In view of the reality of the concerns outlined in this discussion, City policy makers must not squander one-time windfall resources. Unsustainable additions to baseline operating expenditures must be avoided and, where absolutely necessary, minimized as is the case with certain federal program cutbacks. New debt service and Pay As You Go (PAYGO) requirements to pay for capital infrastructure improvements must be funded. Obligations to human capital development – the City's children – must be made. Reasoned and limited tax reduction is only appropriate if commensurate action is taken to fund mandated accounting requirements for employee benefits and other mandated requirements for employee retirement obligations and the needs mentioned above. Otherwise, the fiscal integrity of the City is undermined.

The focus of policymakers must remain on continuing the effort to provide the basic services of government, in the most effective manner possible, building upon the proven successes of the CitiStat management tool and the other management initiatives undertaken by the current administration. The City must continue to maximize its investment in its physical and human infrastructure and prepare to address future funding requirements.

FISCAL 2007

SUMMARY OF RECOMMENDATIONS Revenue Forecast – Major Revenues

GENERAL FUND

	Fiscal 2005 Actual	Fiscal 2006 Adopted Budget	Fiscal 2007 Estimated	Dollar Change	Percent Change
Revenue Category					
Taxes - Local	\$904,091,089	\$903,408,000	\$992,715,000	\$89,307,000	9.9%
Licenses and Permits	28,141,712	26,585,000	30,697,000	4,112,000	15.5%
Fines and Forfeits	3,574,768	2,295,000	2,680,000	385,000	16.8%
Use of Money and Property	23,459,727	21,374,000	25,246,000	3,872,000	18.1%
Federal Grants	149,635	75,000	105,000	30,000	40.0%
State Aid	91,085,396	90,652,000	97,816,000	7,164,000	7.9%
Private Grants	4,388,688	75,000	80,000	5,000	6.7%
Charges – Current Services	35,266,810	38,864,000	38,903,000	39,000	0.1%
Other	35,850,918	22,928,000	15,681,000	(7,247,000)	(31.6)%
Total General Fund Revenue	\$1,126,008,743	\$1,106,256,000	\$1,203,923,000	\$97,667,000	8.8%

OVERVIEW – Funding sources for the General Fund are anticipated to total \$1.204 billion, an increase of \$97.7 million or 8.8% above the Fiscal 2006 adopted budget of \$1.106 billion.

Diversification of the City's local tax revenues, continued economic growth, strong growth in the real property tax base, and other factors allow policy makers to consider a property tax rate reduction. This forecast includes the second installment of a proposed five-year or ten cent property tax rate reduction plan. The Fiscal 2007 saving for taxpayers will be about \$11.1 million. Cumulative taxpayer savings including the property tax reduction for Fiscal 2006 is about \$15.9 million.

The principal factors resulting in the forecasted revenue increase include the following. First, real property value increases and new construction, reflecting record real estate activity, contribute to an estimated 6.5% increase in property taxes. Second, a continued active real estate sales market is anticipated to support an increase in recordation and transfer tax receipts of \$31.5 million or 47.2%. Third, an increase of \$23.2 million in income tax receipts is attributed to positive employment trends, continued wage growth, growth in capital gains and possibly changes in the profile of income tax filers due in part to the boom in residential construction. The fourth major factor is an increase in State aid of \$7.1 million due almost entirely to an increase in the Income Tax Disparity grant.

Most important to the fiscal integrity and continued financial health of the City was action taken in Fiscal 2005 by the Mayor and City Council to broaden the energy tax base (electricity, natural gas, fuel oil, LPG and steam) and broaden the telecommunication tax to include all users and wireless phone service. A diversified revenue stream stands greater probability of capturing the City's growth potential resulting from the increased investment in the City and, at the same time, help minimize negative factors requiring budget reductions in changing economic times.

PROPERTY TAXES – The Fiscal 2007 budget proposes a real property tax rate reduction of two cents from \$2.308 per \$100 of assessed value to \$2.288 per \$100 of assessed value. State law requires that the personal property tax rate be set at two and one-half times the real property tax rate. Accordingly, the proposed personal property tax rate would be reduced from \$5.77 per \$100 of assessed value to \$5.72 per \$100 of assessed value. The State Department of Assessments and Taxation (SDAT) estimates the value of all taxable property and issues new assessments for about one-third of the properties each year. All personal property is assessed annually with valuations established by the State based upon returns filed by the individual businesses.

The Fiscal 2007 current year property tax revenues including the 4.0% assessment growth cap tax credit are preliminarily forecast to increase 6.4% to \$591.6 million or \$35.7 million above Fiscal 2006 budget of \$555.9 million. The increase is due to strong assessment value increases and new construction activity.

Real Property

The State reassessed Group 3 for Fiscal 2007. Group 3 includes the City's southwest area, south of Franklinton Road over to Pennsylvania Avenue. Skirting around downtown it includes the Little Italy, Fells Point and Canton neighborhoods. It then goes south to include all of South Baltimore. It includes waterfront neighborhoods where real estate activity has been strong.

Statewide Group 3 average assessments increased on an annual basis 20.1%, surpassing the Fiscal 2006 annual increase of 15.5%. SDAT reports that this is the largest value increase since the beginning of triennial reassessments in 1980. The City also experienced record average assessment growth of 15.2% on an annual basis more than double the Fiscal 2006 average assessment growth of 7.2%.

Estimated Fiscal 2007 real property tax revenues, after the benefits of the 4.0% assessment growth cap tax credit are realized by homeowners, are anticipated to increase 8.1% from \$456.1 million to \$492.9 million in Fiscal 2007. The increase is a result of record assessment increases, increased levels of new construction and SDAT's reclassification of certain telecommunication personal property as real property.

The rapid assessment increase is tempered by the Mayor and City Council decision to maintain the 4.0% assessment growth cap tax credit on owner occupied residential taxable assessment increases. Over 80,000 homeowners are estimated have tax relief totaling about \$39.0 million in Fiscal 2007. This is a record increase in tax relief of 51.2% compared to the Fiscal 2006 \$25.8 million cost of the tax credit program.

Business and Public Utility Personal Property

Total current year business and public utility personal property taxes are estimated to be \$99.4 million, a slight decline of 0.5%, from \$99.8 million in Fiscal 2006. Competition between cable and telephone companies for high speed internet subscribers was anticipated to increase capital expenditures and therefore increase the amount of plant and equipment subject to personal property taxation. Unfortunately, SDAT has informed local governments that the likelihood of increased personal property tax revenue as a result of competition for broadband subscribers is not going to materialize until perhaps Fiscal 2008. In addition, SDAT reclassified \$26.6 million of personal property taxable base to the real property taxable base. Also affecting personal property revenue is consolidation and reorganization within the utility industries (energy,

transportation, and telecommunications). This acts to suppress growth as merged companies consolidate operations and take facilities and equipment out of service to achieve savings.

INCOME TAXES – The City's income tax rate for Fiscal 2007 remains unchanged at 3.05%. Local income taxes are anticipated to yield \$214.8 million or 12.1% above Fiscal 2006 budget of \$191.6 million. The forecasted increase arises from principally from the following factors: (1) growth in basic wages and earnings and the number of taxable returns, (2) strong growth in capital gains, an increase in the number of taxable returns, and (3) possible change in the demographics of resident taxpayers.

First, wage growth in the most recent data from the State Department of Labor, Licensing and Regulation average weekly wages for jobs located in the City grew 3.6%. In addition, tax year 2004 saw a slight increase of 0.8% in the number of taxable returns and total returns which may reflect an increase in employment. The last period there was an increase in taxable returns was from tax years 1998 to 2000, a three year stretch in the 1990s economic boom period.

Second, a rebound in capital gains reflects the real estate market boom and a recovery in gains realized from equities. The real estate gains share of total gains is estimated to increase eight-fold from tax year 2001 to a peak in tax year 2006. This represents an increase from a modest 8.4% share of total capital gains in 2001 to an estimate 30.8% share in 2006.

Third, Baltimore is experiencing some important changes in demographics and housing which it is believed affect positively trends in income tax receipts. In the most recently completed tax year (tax year 2004) the number of high income taxpayers in the City and the State grew at a similar rates, 16.8% and 17.5% respectively. More importantly, the tax payment per high income returns grew 30.7% in the City while the Statewide change was 24.9%. It is believed that the growth and success of Baltimore's homegrown start-up businesses and the relocation of higher income taxpayers to new residence in the City are contributing this increase.

STATE AID – State Aid budgeted in the General Fund is anticipated to increase \$7.2 million from \$90.6 million in Fiscal 2006 to \$97.8 million in Fiscal 2007, an increase of 7.9%. This increase is made up almost entirely by an upward spike in the Income Tax Disparity Grant. This aid program is anticipated to be \$76.0 million or \$6.3 million above Fiscal 2006 grant of \$69.7 million. The aid is based on a formula in State law designed to assure that all subdivisions receive per capita income tax receipts equivalent to 75.0% of the Statewide average per capita local income tax yield. The calculation is based on tax receipts for the most recent tax year filings. The Fiscal 2007 grant is based on Calendar 2004 tax returns. Growth in 2004 is presumed to reflect substantial capital gains from real estate market activity.

In the past, the City has supported State legislation to update and improve the benefits of this important program for all poorer counties. State legislation should be enacted to provide a minimum grant so that poor subdivisions do not experience the random reduction of State Aid due to irrational events such as a stock market bubble or corrections to real estate markets.

Changes in aid for Library and Health grants comprise the major elements of the balance of the increased in State aid. The grant for Local Health Operations is budgeted to increase from \$11.8 million to \$12.2 million. The grant for Library Services is budgeted to increase from \$5.4 million to \$5.9 million.

RECORDATION AND TRANSFER TAX – The City’s revenue from recordation and transfer taxes is expected to total \$98.3 million for Fiscal 2007, an increase of \$31.5 million or 47.2% compared to Fiscal 2006 budget estimate. The City has benefited from the increased nationwide interest in investing in real estate that occurred after the March 2001 stock market collapse. Real estate became the favored investment. This was supported by interest rates that had reached levels lower than in the last four decades. The City has historically been a low cost option for home shoppers in the metropolitan area. The recent real estate boom has made the City an even more attractive low cost option for purchasers, particularly from the Washington area where price escalation has been among the highest in the nation. In addition the City, and in particular its waterfront properties, have become desirable low cost alternatives for purchasers from areas well outside the region – Philadelphia, New York and other areas. This is due to the nationwide recognition of the development opportunities and improved investment climate in the City.

However, expert opinion, popular media reports, and market data indicate that the real estate market has reached its peak. Responsible forecasters are not predicting a collapse in the real estate market like the March 2001 dot-com driven stock market collapse. Instead forecasters are calling for a slowdown and reduction in receipts. Some jurisdictions are anticipating reductions in the 15.0% to 20.0% range, others less than 10.0%. The local data (MRIS) shows a turning point in the early fall of calendar 2005.

First, beginning in October in the region the number of units sold began to decline compared to the same month in the prior year. In the City units sold compared to the prior year began to decline in November. Units sold in February 2006 declined 20.5% compared to February 2005. Second, the inventory of listings in both the City and region, comparing February 2006 and February 2005, has doubled. The selling price as a percent of the asking price peaked in the region in May 2005 and in the City in June of 2005.

Offsetting these negatives in part are two factors. First, price appreciation, while moderating has not yet turned negative as is the case with the other indicators. The data points to a decline in price appreciation in the region beginning in October 2005. In the City a slow down in price appreciation is evident only anecdotally, but not yet in the market statistics. This reflects the second positive factor for the City. The City’s historic role as the low cost alternative may shore up the market prices.

Finally, expert opinion as represented at the high end of the real estate industry indicates that the “smart money” moved over the investment table in the summer of 2005. More recently and at the bottom end of the real estate industry ladder, the number of individuals participating in the local industry real estate sales person training programs has declined substantially.

FISCAL 2007

SUMMARY OF RECOMMENDATIONS Energy Tax Rate Calculation

ENERGY TAX RATE CALCULATION

Ordinance Number 04-728, which became effective June 21, 2004, mandates that the City's energy tax be imposed as a unit tax based on the number of units of energy delivered to users in Baltimore City. The units are as follows: therms for natural gas, kilowatt-hours for electricity, pounds for steam and gallons for fuel oil and liquefied petroleum gas.

In accordance with Section 25-14(c) of Article 28 of the Baltimore City Code, initial tax rates were established for the Fiscal 2005 tax year based upon information provided by the companies for calendar year 2004. If the companies failed to provide the required information, the Director of Finance was authorized to use any reasonable data to review a proposed rate of taxation. The base year tax rates for Fiscal 2005 used data provided by suppliers for gas, electricity and steam. Where data was lacking for fuel oil and liquid petroleum gas, the Department used information available from the United States Department of Energy.

The ordinance requires the Director of Finance for Fiscal 2006 and subsequent fiscal years to adjust the tax rates by the annual percent change in the Baltimore-Washington Consumer Price Index (CPI) as reported for December by the United States Department of Labor. The CPI developed by the Department of Labor that is available as of December represents the bi-monthly federal calculation for the month of November. Accordingly, the annual change from November to November in the CPI is used to adjust the tax rates. The CPI November 2004 to November 2005 change used for Fiscal 2007 is 3.7%.

Section 25-24(g) of the Baltimore City Code mandates that the tax rates computed be included annually in the proposed operating budget submitted by the Board of Estimates. For Fiscal 2007 the recommended rates are:

Fiscal Year 2007 Energy Tax Rates by User Group and Energy Type (\$)

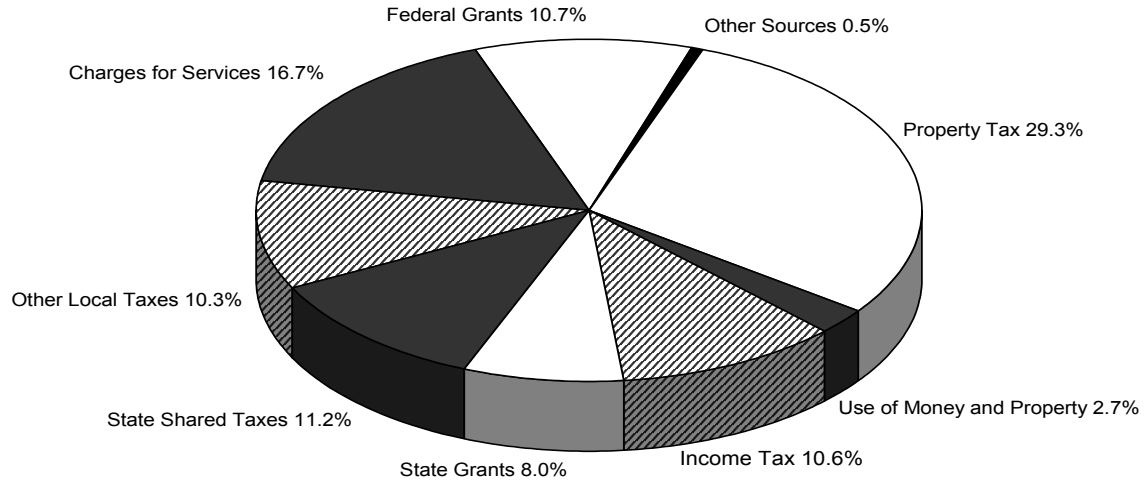
User Group	Electricity (KWh)	Natural Gas (therm)	Fuel Oil (gal)	LPG (gal)	Steam (lb)
Commercial	0.005818	0.075236	0.085986	0.104939	0.001830
Residential	0.001862	0.022113	0.031034	0.033239	0.000526
Non-Profit	0.003519	0.051549	0.064008	0.078704	0.000933

FISCAL 2007

OPERATING BUDGET

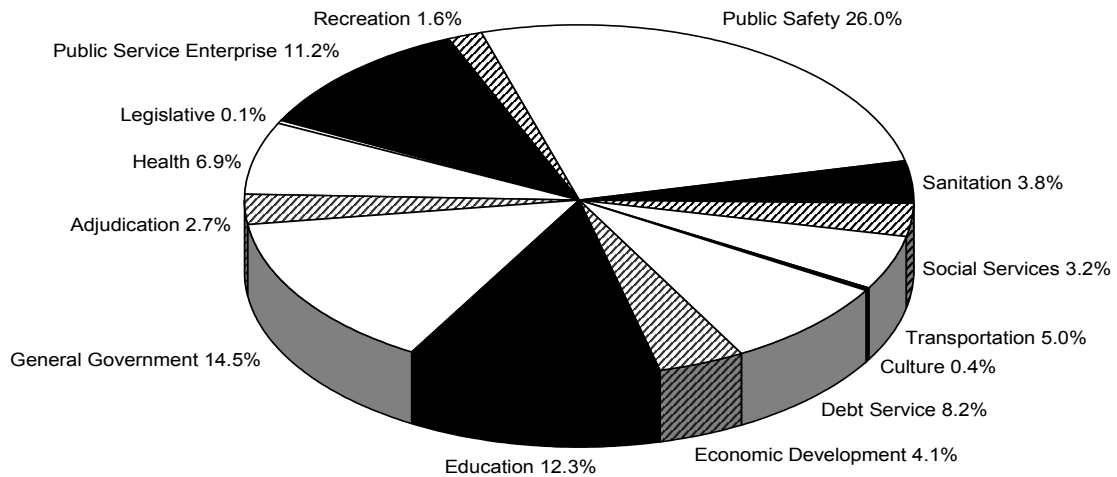
Where the Money Comes From

Total: \$2.018 Billion



How the Money is Used

Total: \$2.018 Billion



SUMMARY OF RECOMMENDATIONS

Operating Budget Plan

General Fund

The Fiscal 2007 Preliminary Budget plan proposes the second year of the City Administration's five year plan for property tax reduction for both real and personal property. The real property tax rate of \$2.308 per \$100 of valuation will be reduced by two cents, to \$2.288 of assessed valuation. In accordance with State law, the personal property tax rate must be two and one-half times that of the real property tax rate. Thus the tax rate for personal property in Fiscal 2007 will be reduced from \$5.77 per \$100 of assessed valuation to \$5.72. This is the lowest property tax rate in the City since Fiscal 1972. The total cost of this property tax reduction for Fiscal 2007 is about \$11.1 million. The cumulative impact of the two years of tax reduction will return \$15.9 million to City taxpayers.

The General Fund Budget for Fiscal 2007 is \$1.204 billion representing a growth of approximately \$97.7 million or 8.8% above the Fiscal 2006 adopted budget of \$1.106 billion. The operating portion of the Fiscal 2007 budget is recommended at \$1.2 billion, an increase of \$87.1 million or 7.9%. The capital budget is recommended at \$14.0 million, an increase in Pay-As-You-Go (PAYGO) expenditures of \$10.5 million. The increases will be utilized to replace the City's nearly 40 year-old legacy financial system, for the expansion of city parkland space and for community and economic development projects.

Salary increases have been included for all City employees in the Fiscal 2007 Preliminary Budget plan. The cost of salaries will grow about \$14.2 million or 3.4%. The budget plan proposes no layoffs in the General Fund which is so very important for maintaining the current level of service for another year. Although there will be no layoffs, the budget plan calls for eight vacant positions to be abolished representing a continuation of efforts to improve operational efficiency.

Like most jurisdictions Baltimore City is facing built-in cost increases that impact upon its ability to provide the current level of services. The City is not alone in this regard. Employee retirement costs are recommended to increase by \$17.4 million. The Administration's efforts to control health care costs through greater cost sharing for active and retired employees continue to have a positive effect. Health care costs are expected to grow about \$12.7 million or 7.4%. This compares favorably with the 10.0 to 15.0% annual increases that were experienced earlier this decade. The Government Accounting Standards Board has instituted a rule change which mandates that Other Post Employment Benefits (OPEB) be recorded as accrued liabilities in the annual financial statements prepared by governmental entities. The recommendation includes \$3.9 million to begin to address this rule change. Henceforth, an annual contribution to a Post Employment Benefits Fund will be required. In addition, the City will be required to pay more for projected increased utility and vehicle fuel costs in order to maintain the current level of service. An additional \$7.3 million is recommended for projected increased costs to heat and cool public buildings, for the provision of water and sewer service and to maintain the City's vehicle fleet.

The City is also faced with the challenge of absorbing cuts in federal funding for targeted programs. The Preliminary Budget plan recommends a total of \$11.9 million to backfill gaps created by these cutbacks in federal domestic spending. Local funding is provided to continue critical services in the areas of housing and community development, job training and public safety.

Finally, the recommended budget plan addresses essential quality of life issues that must be addressed if the City is to continue to thrive and to sustain the progress made in recent years. The recommendation includes \$600,000 to pay for additional staff required to monitor closed circuit television (CCTV) operations. HIV/AIDS funding is increased by \$700,000 for a new initiative to increase mobile outreach services, enhance laboratory testing and to provide additional treatment supplies. Local support for drug treatment is increased by \$250,000 or 20.0%. This represents the largest level of local support for drug treatment in recent memory. City support for the Baltimore City Community College is increased by \$200,000 or 25.0%. The Bureau of Solid Waste is recommended to receive an additional \$237,000 in order to expand services at three citizen drop off locations. Also, the Commission on Aging and Retirement Education is recommended to receive \$168,000 to maintain the current level of service for its elderly transportation program.

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$1,102.8	\$1,189.9	\$87.1	7.9%
FULL-TIME POSITIONS				
Classified	4,240	4,573	333	7.9%
Sworn	4,802	4,792	(10)	(0.2)%
Total	9,042	9,365	323	3.6%

BALTIMORE CITY PUBLIC SCHOOLS – The recommendation for Fiscal 2007 is \$204.3 million, an increase of \$173,300 or 0.1% above the Fiscal 2006 level of appropriation. The local share component of the recommendation is \$197.8 million, an amount which exceeds the State mandated Maintenance of Effort figure by \$5.6 million. This equates to an additional \$67 per pupil. In addition to meeting the State requirement for Maintenance of Effort, and increasing per pupil spending, the City also provides \$3.6 million in support of certain services and \$2.8 million for employee termination leave, as specified in the State law, which created the New Board of School Commissioners. These so called “transition services” increased by \$173,300 or 5.0%, as a result of salary and benefit increases.

BOARD OF ELECTIONS – The recommendation for Fiscal 2007 is \$6.4 million, a net increase of \$697,000 or 12.3 % above the Fiscal 2006 level of appropriation. The increase is related to costs for the Gubernatorial Primary and General elections to be held in Fiscal 2007.

CIRCUIT COURT – The recommendation for Fiscal 2007 is \$8.7 million, an increase of \$666,600 or 8.3% above the Fiscal 2006 level of appropriation. The recommendation includes \$210,600 to upgrade the court reporting system to a digital video and audio system. In addition,

the recommendation includes a \$129,000 increase for the City's contribution to the subsidy for law clerks. In addition, the recommendation includes a \$40,000 increase for juror compensation and meals. Worker's compensation costs are recommended to be increased by \$136,800.

CIVIC PROMOTION – The recommendation for Fiscal 2007 is \$11.4 million, an increase of \$1.8 million or 18.8% above the Fiscal 2006 level of appropriation. The recommended level for the Baltimore Area Convention and Visitors Association (BACVA) is increased from \$6.8 million to \$8.4 million. The City's annual grant for BACVA is based on State legislation, which requires the City's General Fund to appropriate an amount equal to 40.0% of the City's hotel tax receipts. The recommendation includes \$105,000 to fund the Partnership for Baltimore's Waterfront. The Partnership will provide additional landscaping, cleaning and public safety services to a designated 180 acre waterfront district.

COMMISSION ON AGING AND RETIREMENT EDUCATION – The recommendation for Fiscal 2007 is \$1.1 million, an increase of \$222,600 or 25.4% above the Fiscal 2006 level of appropriation. The recommendation includes an additional \$168,000 to supplement the elderly transportation program currently funded in total by the Motor Vehicle Fund. Worker's compensation costs are increased by \$104,300. The General fund portion for the leasing of agency office space is reduced by \$49,300.

EDUCATIONAL GRANTS – The recommendation for Fiscal 2007 is \$1.4 million, an increase of \$201,800 or 16.8% above the Fiscal 2006 level of appropriation. The recommendation includes \$200,000 or 25.0% in additional funding for the Baltimore City Community College.

EMPLOYEES' RETIREMENT CONTRIBUTION – The recommendation for all funds for Fiscal 2007 is \$100.1 million, an increase of \$23.0 million or 29.8% above the Fiscal 2006 level of appropriation. The recommendation includes:

- **Fire and Police Retirement System** – The recommendation for all funds is \$59.3 million, an increase of \$11.2 million or 22.8% above the Fiscal 2006 level of appropriation. The General Fund portion is \$57.3 million, an increase of \$10.3 million or 21.9% above the Fiscal 2006 level of appropriation. In addition, an additional \$4.7 million in General Funds is recommended to be used for reducing the accrued liabilities in the Benefit Improvement Fund and Employees' Retirement Funds of the system.
- **Employees' Retirement System** – The recommendation for all funds is \$31.8 million, an increase of \$4.5 million or 16.5%. The General Fund portion is \$13.3 million, an increase of \$2.5 million or 23.1% above the Fiscal 2006 level of appropriation.
- **Elected Officials Retirement System** – The recommendation is \$381,500, a decrease of \$135,200 or 26.2% below the Fiscal 2006 level of appropriation.
- **Other Post Employment Benefits (OPEB)** – The Government Accounting Standards Board (GASB) has instituted an accounting rule change which mandates that OPEB benefits be recorded as accrued liabilities in the annual financial statements prepared by governmental entities. The recommendation for Fiscal 2007 includes \$3.9 million in General Funds to begin to address this rule change. Henceforth, an annual contribution to a Post Employment Benefits Trust Fund will be required.

ENOCH PRATT FREE LIBRARY – The recommendation for Fiscal 2007 is \$22.1 million, an increase of \$2.5 million or 12.7% above the Fiscal 2006 level of appropriation. The recommendation includes a \$1.5 million increase in salary and benefits including \$470,000 in Pending Personnel Actions to staff the new Southeast Anchor Library scheduled to open in the Spring of Fiscal 2007. Contractual Services is recommended to be increased by \$589,900 including \$391,800 to pay increased gas, electric and steam costs; \$42,200 in increases in water and sewer fees; \$15,500 for increased Central Garage vehicle rental fees; \$54,000 for the maintenance and repair of real property and equipment and \$60,300 in other professional services. Transfer Credits are reduced by \$413,900 as reimbursements from State grants are reduced.

FIRE DEPARTMENT – The recommendation for Fiscal 2007 is \$121.7 million, an increase of \$3.6 million or 3.0% above the Fiscal 2006 level of appropriation. The recommendation includes \$728,700 in salary and benefits increases. Contractual Services is increased by \$1.1 million including \$499,100 for increased Central Garage vehicle rental fees; \$189,000 for increased gas, electric and steam charges; \$425,000 is provided for maintenance on the Telestaff and dispatch system and \$41,600 for increased water and sewer fees. Materials and Supplies are recommended to increase by \$303,300 including \$123,000 for medical and surgical supplies; \$63,200 for motor vehicle fuels and lubricants; \$75,000 for heating fuels and \$37,200 for clothing and footwear. Worker's compensation costs are recommended to be increased by \$1.1 million.

HEALTH DEPARTMENT – The recommendation for Fiscal 2007 is \$24.5 million, an increase of \$2.3 million or 10.4% above the Fiscal 2006 level of appropriation. The recommendation includes an additional \$700,000 for a new initiative to increase mobile outreach efforts for HIV and syphilis control including mobile outreach services, enhanced laboratory testing and additional sexually transmitted diseases testing supplies. An increase of \$250,000 is recommended for the City's contribution of local support for drug treatment services. This represents a 20.0% increase in local support for these services. The recommendation also includes an additional \$364,000 and the transfer of seven positions from the Federal Fund to continue operation of the Men's Health Center. In addition, \$264,600 is recommended in Pending Personnel Actions to pay for proposed salary upgrades for veterinarian, public relations and animal enforcement classifications at the Animal Shelter.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT – The recommendation for Fiscal 2007 is \$17.9 million, an increase of \$8.0 million or 80.0% above the Fiscal 2006 level of appropriation. The increase is related to the transfer of \$7.1 million in expenses from the Federal and Special funds, including \$5.9 million from the Community Development Block Grant (CDBG) and \$1.2 million from the Urban Development Action Grant (UDAG). Federal and Special funds in the amount of \$4.2 million (\$3.0 million CDBG, \$1.2 million UDAG) which supported the operating budget are recommended to be transferred to the capital budget for Fiscal 2007. These monies will be used to support the Affordable Housing Fund. In addition, the remaining \$2.9 million represents costs transferred to the General Fund. Of this amount, \$1.8 million reflects a reduction due to the projected yield derived from the calculation of this grant's funding formula for next fiscal year and an additional \$1.1 million represents projected increased operating costs. Included in the recommendation is the net transfer of 193 positions in the amount of \$4.8 million from the Federal Fund. Worker's compensation costs are increased by \$163,000. This discussion does not include the Baltimore Development Corporation (BDC).

MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT – The recommendation for Fiscal 2007 is \$6.4 million, an increase of \$4.6 million or 255.6% above the Fiscal 2006 level of appropriation. The recommendation includes the transfer of 24 positions and \$3.0 million to support the Youth Opportunity program previously budgeted in the Federal Fund. This grant expires at the end of Fiscal 2006. The recommendation also includes \$1.0 million due to a reduction in the amount of Workforce Investment Act – Displaced Adults (JTPA/WIA) funds made available to the City. In addition, six positions are transferred from the Federal Fund and \$250,000 is provided to provide job training services under the Ex-Offender Program. Also, \$194,000 is recommended for the Summer Jobs program to pay for the increase in the State's minimum wage from \$5.15 to \$6.15 per hour.

OFFICE OF THE INSPECTOR GENERAL – The recommendation for Fiscal 2007 includes \$636,000 for the creation of an Office of the Inspector General. The Office of the Inspector General was created by a Mayoral Executive Order issued in July 2005. The Office's recommended budget includes \$371,600 including \$109,300 to create one Inspector General position and \$262,300 in Pending Personnel Actions to create four positions (3 investigators, 1 clerical) to staff the Office. The remaining \$264,400 for non-labor costs will be utilized for a combination of one-time start-up and recurring expenses related to the operation of the Office. The Office will conduct objective and independent reviews and investigations to: prevent and detect fraud, waste, abuse, and misconduct in City government; promote economy, efficiency, and effectiveness of City operations; promote program and public integrity; review and respond to citizen complaints and inform the Mayor and agency heads of problems, deficiencies and recommend corresponding corrective actions.

POLICE DEPARTMENT – The recommendation for Fiscal 2007 is \$288.4 million, an increase of \$14.5 million or 5.3% above the Fiscal 2006 level of appropriation. The increase includes \$7.2 million for salary and benefits; \$4.0 million for increased worker's compensation costs; \$1.2 million for increased Central Garage rental fees; \$600,000 for personnel to monitor Closed Circuit Television (CCTV) cameras and a net increase of \$1.5 million for non-labor expenses in order to align the budget with actual spending levels for this category. Prior Board of Estimates actions approved during Fiscal 2006 included the abolishment of 10 sworn positions and 9 Community Service Officers and the creation of 21 civilian positions. Of the 21 positions created, there are 10 office assistants to provide clerical support in the districts, 6 police report reviewers, 4 crime lab technicians and 1 information technology position.

DEPARTMENT OF PUBLIC WORKS – The recommendation for Fiscal 2007 is \$67.7 million, an increase of \$5.6 million or 9.0% above the Fiscal 2006 level of appropriation.

Director's Office – The recommendation for Fiscal 2007 is \$1.2 million, an increase of \$245,700 or 25.0% above the Fiscal 2006 level of appropriation. The recommendation includes \$205,900 for negotiated salary and benefit increases. Contractual Services is recommended to increase by \$101,300 including \$48,600 for additional telephone charges and \$19,100 for increased Central Garage vehicle rental fees. Equipment is increased by \$16,500 for the purchase of computer hardware. Worker's compensation costs are increased by \$176,000. Transfer Credits are increased by \$274,400 as part of the agency's Indirect Cost Allocation plan.

General Services – The recommendation for Fiscal 2007 is \$22.5 million, an increase of \$2.7 million or 13.3% above the Fiscal 2006 level of appropriation. The recommendation includes \$197,800 for negotiated salary increases. In addition, prior Board of Estimates approval during

Fiscal 2006 approved the creation of three new building project coordinator positions to oversee repair work in the Baltimore City Public Schools at a cost of \$129,800. Contractual Services is projected to increase by \$2.0 million. Included is \$1.8 million for gas, electric and steam increases; \$39,900 for increased Central Garage vehicle rental fees; \$124,800 for increased water and sewer fees; \$200,000 for custodian contracts and \$105,900 to pay for a contractual rate increase for chilled water service. Transfer Credits are decreased by \$192,900 due to a reduction in intra-agency charges for property location, whiteprint and mobile maintenance services.

Solid Waste – The recommendation for Fiscal 2007 is \$43.9 million, an increase of \$2.7 million or 6.6 % above the Fiscal 2006 level of appropriation. The recommendation includes \$692,500 for salary and benefit increases including providing \$89,900 for hazardous duty pay for Local 44 represented employees. Contractual Services is recommended to have a net increase of \$353,300. Included is \$935,300 for increased Central Garage vehicle rental fees: \$310,000 to pay for the lease-purchase of new equipment to be utilized at the Quarantine Road landfill, \$44,700 for increased sewer and water charges offset by a reduction of \$900,500 for tipping fees. Also recommended is the transfer of the Removal of Fire Debris, Removal of Eviction Chattels and Graffiti Removal activities from the Motor Vehicle Fund. Included are the transfer 43 positions and \$2.0 million.

DEPARTMENT OF RECREATION AND PARKS – The recommendation for Fiscal 2007 is \$25.3 million, an increase of \$1.4 million or 5.9 % above the Fiscal 2006 level of appropriation. The recommendation includes \$559,900 for negotiated salary increases. Temporary and permanent part-time salaries are recommended to be increased by \$277,100 including \$225,000 to pay for the increase in the State's minimum wage from \$5.15 to \$6.15 per hour. Contract salaries are increased by \$171,000 including \$65,000 to pay for contractual employees previously supported by Program Open Space funds. Contractual Services is increased by \$238,000 including \$210,200 to pay for increased Central Garage vehicle rental fees. Materials and Supplies are recommended to increase by \$71,900 including \$60,400 for motor vehicle fuels and lubricants and heating fuels. Worker's compensation costs are recommended to increase by \$130,600.

SHERIFF'S OFFICE – The recommendation for Fiscal 2007 is \$11.5 million, an increase of \$1.2 million or 12.6 % above the Fiscal 2006 level of appropriation. The recommendation includes \$600,000 for negotiated salary and benefit increases as well as \$200,000 for a proposed upgrade of court security officer positions. The recommendation also includes \$343,500 in Equipment for the purchase of new vehicles.

STATE'S ATTORNEY'S OFFICE – The recommendation for Fiscal 2007 is \$25.2 million, an increase of approximately \$2.9 million or 13.0% above the Fiscal 2006 level of appropriation. The recommendation includes \$637,600 to fund the creation of 15 positions approved by the Board of Estimates during Fiscal 2006. Included is 8 positions (2 prosecutors, 6 support) for the War Room at a cost of \$415,500; 4 prosecutor positions for the Collateral Prosecution Unit at a cost of \$303,400; 1 position to serve as the Office's Government Liaison at a cost of \$78,500, 1 position to serve as Community Liaison in the Division of Safe Neighborhoods at a cost of \$58,900 and 1 additional prosecutor for the Homicide Unit at a cost of \$80,300. In addition, the recommendation includes \$637,600 to fund the transfer of 12 positions (9 community liaison, 3 support) from the District Court Community Services activity currently budgeted in the Federal Fund. An additional \$100,000 has been included to fund the transfer of two positions in expiring grants for prosecution of identity theft and domestic violence. Also recommended is \$200,000

increase for temporary salaries to reflect actual expenditure levels as well as a \$250,000 increase recommended for the Witness Protection activity. This will increase expenditures for this purpose from \$300,000 to \$550,000 or an increase of 83.3% above the current fiscal year.

Motor Vehicle Fund

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$169.1	\$180.0	\$10.9	6.4%
FULL-TIME POSITIONS	1,800	1,767	(33)	(1.8)%

CIVIC PROMOTION – The recommendation for Fiscal 2007 includes \$300,000 to fund the Partnership for Baltimore’s Waterfront. The Partnership will provide additional landscaping, cleaning and public safety services to a designated 180 acre waterfront district.

EMPLOYEES’ RETIREMENT CONTRIBUTION – The recommendation for all funds for Fiscal 2007 is \$100.1 million, an increase of \$23.0 million or 29.8% above the Fiscal 2006 level of appropriation. The recommendation includes:

- **Fire and Police Retirement System** – The recommendation for all funds is \$59.3 million, an increase of \$11.2 million or 22.8%. The Motor Vehicle Fund portion is \$1.0 million, an increase of \$161,000 or 19.2 % above the Fiscal 2006 level of appropriation.
- **Employees’ Retirement System** – The recommendation for all funds is \$31.8 million, an increase of \$4.5 million or 16.5%. The Motor Vehicle Fund portion is \$5.4 million, an increase of \$800,000 or 17.4% above the Fiscal 2006 level of appropriation.

POLICE DEPARTMENT – The recommendation for Fiscal 2007 is \$11.9 million, an increase of \$542,000 or 4.8% above the Fiscal 2006 level of appropriation. The increase includes \$168,700 for worker’s compensation costs; \$214,000 for crossing guard reimbursement to the Department of Transportation; \$61,100 for increased Central Garage vehicle rental fees; \$20,000 for clothing and footwear and \$60,000 for general operating supplies

DEPARTMENT OF PUBLIC WORKS – The recommendation for Fiscal 2007 is \$36.8 million, a decrease of \$138,000 or 0.4% below the Fiscal 2006 level of appropriation.

Director’s Office – The recommendation for Fiscal 2007 is \$2.8 million, an increase of \$295,000 or 11.8% above the Fiscal 2006 level of appropriation. The increase includes \$76,400 for negotiated salary and benefit increases and a \$250,800 increase in worker’s compensation costs offset by a decrease of \$56,300 in Transfer Credits.

General Services – The recommendation for Fiscal 2007 is \$2.0 million, an increase of \$45,000 or 2.5% above the Fiscal 2006 level of appropriation. The recommendation includes a \$71,700 for

negotiated salary and benefits increases and \$15,000 to hire temporary employees for the Permits Division offset by a decrease of \$40,000 in computer hardware.

Solid Waste – The recommendation for Fiscal 2007 is \$27.2 million, a decrease of \$713,600 or 2.6% below the Fiscal 2006 level of appropriation. The recommendation includes \$1.0 million for salary and benefits including a \$139,600 increase for hazardous duty pay for Local 44 represented employees and \$447,000 to pay for increased Central Garage vehicle rental fees. These increases are offset by the recommended transfer of the Removal of Fire Debris, Removal of Eviction Chattels and Graffiti Removal activities to the General Fund. Included are the transfer 43 positions and \$2.0 million.

Storm Water – The recommendation for Fiscal 2006 is \$4.8 million, an increase of \$235,000 or 5.1% above the Fiscal 2006 level of appropriation. Recommended is \$122,300 to pay for negotiated salary increases. Five positions are transferred from the Water Utility Fund including two to the Storm Water Maintenance and three to the Waterway Maintenance activities at a cost of \$139,900. These increases are offset by \$151,900 in decreases to salary line items including \$40,000 in Overtime; \$71,800 in Pending Personnel Actions and a \$40,000 increase in budgeted Salary/Wage Savings. Contractual Services is recommended to be increased by \$179,600. Included is \$102,100 for increased Central Garage vehicle rental fees, \$61,900 for crane rental in the Waterway Maintenance activity and \$6,700 for gas, electric and steam increases. Materials and Supplies increase by \$75,500, which is primarily in general operating and maintenance supplies. Equipment is decreased by \$193,000, which is primarily related to one-time start-up costs budgeted in Fiscal 2006 for the new Waterways Maintenance activity.

DEPARTMENT OF TRANSPORTATION – The recommendation for Fiscal 2007 is \$90.8 million, an increase of \$7.6 million or 9.1% above the Fiscal 2006 level of appropriation. The recommendation includes \$1.8 million to pay for negotiated salary increases. Funding in the amount of \$224,900 is provided in Pending Personnel Actions. Included is \$103,000 to pay for salary upgrades and to create one supervisory position in the Special Traffic Enforcement Division; \$126,700 to create three engineering positions in Street Lighting and \$105,200 to create one superintendent and one engineering position in the Transportation Maintenance Division. Salary/Wage Savings is recommended to be decreased by \$309,500. Contractual Services is recommended to increase by \$3.2 million. Included is \$1.8 million for gas, electric and steam; \$931,700 for increased Central Garage vehicle rental fees; \$160,000 for private security services at the Abandoned Vehicles lot and \$188,800 to fabricate special tools and install fiber optic cable in the City's traffic control system. In addition, the recommendation includes \$1.5 million for Materials and Supplies primarily in general operating and maintenance supplies. The recommendation also includes \$223,800 in Equipment to purchase replacement bucket trucks (\$160,000) and for computer hardware and software (\$42,000). In addition, it is recommended that Transfer Credits earned by charging the capital budget for engineers and inspectors who work in the Engineering and Construction program be reduced by \$99,800. Prior Board of Estimates action approved during Fiscal 2006 created five positions (4 engineering, 1 supervisory) for the Traffic Maintenance Division at a cost of \$231,900.

Parking Management Fund

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$11.3	\$12.4	\$1.1	9.7%
FULL-TIME POSITIONS	101	101	0	0.0%

DEPARTMENT OF TRANSPORTATION – The recommendation for Fiscal 2007 is \$12.4 million, an increase of \$1.1 million or 9.7% above the Fiscal 2006 level of appropriation. The recommendation includes a \$198,800 increase to cover negotiated salary increases for full and part-time parking enforcement personnel; \$192,600 for the purchase of 66 handheld ticket writers; \$231,300 for increased maintenance and repair of real property and security alarm service expenses for the City's off-street parking facilities; \$226,000 to provide continued funding for the multi-space meter program and \$33,300 in increased worker's compensation costs.

Waste Water Utility Fund

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$145.6	\$158.5	\$12.9	8.9%
FULL-TIME POSITIONS	1,069	1,060	(9)	(0.8)%

DEPARTMENT OF PUBLIC WORKS – The recommendation for Fiscal 2007 is \$158.5 million, an increase of \$12.9 million or 8.9% above the Fiscal 2006 level of appropriation. The recommendation includes \$3.2 million for full-time salary and benefit increases. These increases are offset by \$773,500 in reductions including a \$180,700 decrease in Overtime; a \$72,700 decrease in Pending Personnel Actions and a \$520,100 increase in budgeted Salary/Wage Savings. Contractual Services is recommended to increase by a net of \$1.8 million. Included is a \$2.9 million increase for sludge heat drying services; \$338,900 for increased Central Garage vehicle rental fees; \$100,000 increase for composting offset by a \$1.7 million decrease for gas, electric and steam due to the loss of a major surcharge customer. The recommendation for Material and Supplies is increased by \$1.8 million including \$1.6 million for chemicals. The recommendation for Debt Service is increased by \$7.2 million including \$1.2 million in principal and \$5.7 million in interest for Revenue Bonds.

The recommendation includes a net decrease of nine positions. Included is the abolishment of 11 vacant positions and a net of two positions are transferred from the Water Utility Fund.

Water Utility Fund

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$104.9	\$115.2	\$10.3	9.8%
FULL-TIME POSITIONS	926	900	(26)	(2.9)%

DEPARTMENT OF PUBLIC WORKS – The recommendation for Fiscal 2007 is \$115.2 million, an increase of \$10.3 million or 9.8% above the Fiscal 2006 level of appropriation. Recommended is \$1.6 million to pay for salary and benefit increases. Budgeted Salary/Wage Savings is reduced by \$171,700. Pending Personnel actions are increased by a net of \$100,600 including \$73,000 for a classification study of Watershed Maintenance positions and \$168,800 to create one engineering and six water system positions for water filtration plants. Contractual Services is recommended to increase by \$3.2 million. Included is \$755,300 to pay private vendors to repair street cuts; \$220,000 for security guard services for the Haven Street and Washington Boulevard yards; \$182,000 for consultant engineering services; \$188,600 for engineering studies and security services for water filtration plants; \$529,600 for increased sewer and water fees and \$520,000 for increased Central Garage vehicle rental fees. Material and Supplies are recommended to increase by \$1.1 million. Included is \$652,300 for chemicals; \$154,600 for electrical supplies and \$267,300 for general operating and equipment maintenance and repair supplies. Worker's compensation costs are increased by \$237,100. The recommendation for Debt Service is increased by \$3.4 million, including \$4.5 million in interest offset by a decrease of \$1.2 million in principal for Revenue Bonds.

The recommendation includes a net decrease of 26 positions. Twenty vacant positions are recommended to be abolished. Seven positions are transferred to other funds including five positions to the Motor Vehicle Fund in the Storm Water Division and two positions to the Waste Water Fund. One utility meter reader position was created by the Board of Estimates during Fiscal 2006.

Parking Enterprise Fund

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$27.3	\$25.3	\$(2.0)	(7.3)%

DEPARTMENT OF TRANSPORTATION – The recommendation for Fiscal 2007 is \$25.3 million, a decrease of \$2.0 million or 7.3% below the Fiscal 2006 level of appropriation. The recommendation includes an increase in garage operations of \$345,700 which includes \$125,000 for increased gas, electric and steam costs and a \$181,900 increase for taxes and licenses primarily

related to the operation of the Water Street Garage. Debt Service obligations are recommended at \$19.6 million, a decrease of \$2.4 million or 12.1%. The decrease is in interest of \$3.2 million due to the refinancing existing debt offset by an increase in principal of \$818,200.

Federal Grants

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$218.8	\$215.5	\$(3.3)	(1.5)%
FULL-TIME POSITIONS	1,026	739	(287)	(28.0)%

COMMISSION ON AGING AND RETIREMENT EDUCATION – The recommendation for Fiscal 2007 is \$4.8 million, an increase of \$125,500 or 2.7% above the Fiscal 2006 level of appropriation. The recommendation includes \$100,500 for negotiated salary and benefit increases.

FIRE DEPARTMENT – The recommendation for Fiscal 2007 is \$10.7 million, an increase of \$4.2 million or 64.6% above the Fiscal 2006 level of appropriation. The recommendation is based upon anticipated Federal Emergency Management Agency (FEMA) grants for materials and training related to homeland security and domestic preparedness.

HEALTH DEPARTMENT – The recommendation for Fiscal 2007 is \$112.0 million, a decrease of \$826,400 or 0.7 % below the Fiscal 2006 level of appropriation. The recommendation includes the following reductions in grant funds made available to the City: \$2.0 million in grants for Homeless Shelter Programs; \$267,800 due to the elimination of the Sexually Transmitted Diseases Control grant; a \$268,600 decrease in funding for the Men’s Health Center and a decrease by \$229,900 for the Maryland Children’s Health Program. Seven positions and \$364,000 are transferred to the General Fund to maintain operations at the Men’s Health Center. These reductions are offset by an increase of \$676,600 for Homeless Services Administration; \$248,000 for Mentally Retarded Citizens and \$740,000 for Operation Safe Kids.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT – The recommendation for Fiscal 2007 is \$46.5 million, a net decrease of \$4.5 million or 9.0% below the Fiscal 2006 level of appropriation. The recommendation includes a net reduction in Community Development Block Grant (CDBG) funds of \$4.8 million. Of this amount, \$3.0 million which supported the operating budget is recommended to be transferred to the capital budget for Fiscal 2007. These monies will be used to support the Affordable Housing Fund. In addition, for Fiscal 2007 CDBG costs are projected to increase by \$2.9 million. The recommendation transfers these costs to the General Fund. Of this amount, \$1.8 million reflects a reduction due to the projected yield derived from the calculation of this grant’s funding formula for next fiscal year and an additional \$1.1 million represents projected increased operating costs.

As a result, 193 positions with a value of \$4.8 million are recommended to be transferred to the General Fund as well as 5 positions with a cost of \$396,900 transferred to the Special Fund. One

position with a value of \$49,700 is transferred to the Federal Fund from the State Fund. One vacant position with a value of \$29,800 is recommended to be abolished. Head Start grants are increased by \$230,000 based upon the anticipated grant award level. This discussion does not include the Baltimore Development Corporation (BDC).

MAYOR'S OFFICE OF CHILDREN, YOUTH AND FAMILIES – The recommendation for Fiscal 2007 is \$300,000, a decrease of \$412,900 or 57.9% below the Fiscal 2006 level of appropriation. The increase is related to the elimination of the TAMAR grant in the amount of \$412,700 which expired during Fiscal 2006.

MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT – The recommendation for Fiscal 2007 is \$16.1 million, a decrease of \$1.4 million or 8.0% below the Fiscal 2006 level of appropriation. The Youth Opportunity program expires at the end of Fiscal 2006. The recommendation includes the transfer of 24 positions and \$3.0 million to the General Fund to support program operations. The Workforce Investment Act – Displaced Adults (JTPA/WIA) grant is reduced by \$1.4 million. Of this amount, \$1.0 million is provided in the General Fund recommendation to continue program operations. Additionally six positions and \$250,000 are transferred to the General Fund to provide job training services under the Ex-Offender program. A total of 50 vacant unfunded positions with a cost of \$1.6 million are recommended to be abolished due to a reduction in funds made available to the City. Three positions are recommended to be transferred to the State Fund at a cost of \$166,500.

STATE'S ATTORNEY'S OFFICE – The recommendation for Fiscal 2007 is \$1.6 million, a decrease of \$95,300 or 5.7% below the Fiscal 2006 level of appropriation. The recommendation includes the transfer of 12 positions (9 community liaison, 3 support) in the Community Services activity to the General Fund at a cost of \$637,600. The recommendation also includes the transfer of one position from a Domestic Violence grant which has expired to the General Fund at a cost of \$55,000.

State Grants

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$62.4	\$62.6	\$(0.2)	(0.3)%
FULL-TIME POSITIONS	358	351	(7)	(2.0)%

CIRCUIT COURT – The recommendation for Fiscal 2007 is \$4.2 million, an increase of \$355,600 or 9.4 % above the Fiscal 2006 level of appropriation. The recommendation includes a new grant for \$115,000 to fund two (1 clerical, 1 social work) new positions to perform medical evaluations in the Juvenile Division. The appropriation was awarded after the start of Fiscal 2006. A grant increase of \$249,100 is recommended to increase services in the Family Division to serve families in crisis. The agency plans to use this funding to create two attorney and one paralegal contractual positions.

COMMISSION ON AGING AND RETIREMENT EDUCATION – The recommendation for Fiscal 2007 is \$3.9 million, an increase of \$176,700 or 4.8% above the Fiscal 2006 level of appropriation. The recommendation includes \$152,000 to pay for negotiated salary and benefit increases.

ENOCH PRATT FREE LIBRARY – The recommendation for Fiscal 2007 is \$10.5 million, an increase of \$175,800 or 1.7% above the Fiscal 2006 level of appropriation. The recommendation includes a net increase of \$193,500 to pay for negotiated salary and benefit increases. Equipment is increased by \$371,300 for the purchase of library books and periodicals. The recommendation includes \$35,000 in Pending Personnel Actions for a full-time professional position to staff the Detention Center Library. Transfer Credits are reduced by \$413,900. Previously, these funds were utilized to support General Fund operations.

HEALTH DEPARTMENT – The recommendation for Fiscal 2007 is \$17.9 million, a decrease of \$808,000 or 4.5 % below the Fiscal 2006 level of appropriation. The recommendation includes a decrease of \$1.7 million in State funding for a Lead Paint Initiative managed by the Empower Baltimore Management Corporation. The State of Maryland has decided to take over the operation of this program. In addition, the recommendation includes a \$758,900 increase in Medicaid Transportation Service funds made available to the City.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT – The recommendation for Fiscal 2007 is \$10.2 million, an increase of \$875,800 or 9.4% above the Fiscal 2006 level of appropriation. The recommendation includes an additional \$106,800 for Weatherization Program to assist an estimated 25 additional households; \$755,000 for the Energy Assistance Program due to anticipated increase in heating fuels and \$17,000 for Head Start. A net of five positions with a value of \$334,100 are recommended to be transferred including one position to the Federal Fund (\$49,400) and four positions to the Special Fund (\$284,700).

Special Fund

<i>Dollars in Millions</i>	Fiscal 2006	Fiscal 2007	Change	% Change
OPERATING APPROPRIATIONS	\$43.7	\$42.7	\$(1.0)	(2.3)%
FULL-TIME POSITIONS	381	400	19	5.0%

COMMISSION ON AGING AND RETIREMENT EDUCATION – The recommendation for Fiscal 2007 is \$448,300, a decrease of \$316,000 or 41.3% below the Fiscal 2006 level of appropriation. The reduction is technical in nature and represents an adjustment to reflect the actual level of grant awards.

EMPLOYEES' RETIREMENT SYSTEMS – The recommendation for Fiscal 2007 is \$7.6 million, a reduction of \$526,100 or 6.5% below the Fiscal 2006 level of appropriation. Included

in the recommendation is a net increase of three positions. Prior Board of Estimates' action approved during Fiscal 2006 included the creation of four new positions for a new unit that will provide legal counsel for the Elected Officials' and Employees' Retirement Systems. Included are two attorneys, one paralegal and one clerical positions at a cost of \$294,100. This increase is offset by the abolishment of one filled public information officer position at a cost of \$69,000, an increase of \$355,000 in budgeted Salary/Wage Savings and a reduction in one-time Equipment costs of \$270,000. These monies were utilized to furnish and equip the agency's new headquarters location at 7 East Redwood Street.

HEALTH DEPARTMENT – The recommendation for Fiscal 2007 is \$9.5 million, a decrease of \$108,300 or 1.1 % below the Fiscal 2006 level of appropriation. The recommendation includes a \$468,700 increase in the amount of Medical Assistance funds utilized by the Comprehensive School Health program. This increase is offset by reductions in grant funding made available to the City including \$250,000 for Operation Safe Kids; \$265,800 in Kellogg Foundation monies utilized for the Men's Health Center and a \$55,300 decrease in the Safe and Sound Family Support grant.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT – The recommendation for Fiscal 2007 is \$3.0 million, a decrease of \$1.3 million or 30.2% below the Fiscal 2006 level of appropriation. The decrease is related to \$1.2 million in Urban Development Action Grant (UDAG) funds that are recommended to be transferred from the operating budget to the capital budget for Fiscal 2007. These monies will be used to support the Affordable Housing Fund. Nine positions at a cost of \$731,000 are recommended to be transferred to the Special Fund including five from the Federal Fund (\$396,600) and four from the State Fund (\$284,700). In addition, prior Board of Estimates action during Fiscal 2006 approved the creation of 10 attorney positions in the Code Enforcement – Legal Section at a cost of \$498,500. In addition, there is a \$100,000 decrease recommended in the Neighborhood Conservation Office due to the expiration of the Goldseker and Abell Foundation grants.

MAYOR'S OFFICE OF EMPLOYMENT DEVELOPMENT – The recommendation for Fiscal 2007 is \$0, a decrease of \$98,700 or 100.0% below the Fiscal 2006 level of appropriation. The decrease reflects the transfer of one position to the State Fund under the Heritage Areas grant.

POLICE DEPARTMENT – The recommendation for Fiscal 2007 is \$6.4 million, an increase of \$328,400 or 5.4% above the Fiscal 2006 level of appropriation. The increase includes an additional \$200,000 in Asset Sharing funds with the anticipation that additional revenue will be received from the forfeiture of seized assets. It is anticipated that this increase will be used to purchase computer equipment. An increase of \$128,400 is recommended in the 911 Emergency Call Service activity for negotiated salary and benefit increases.

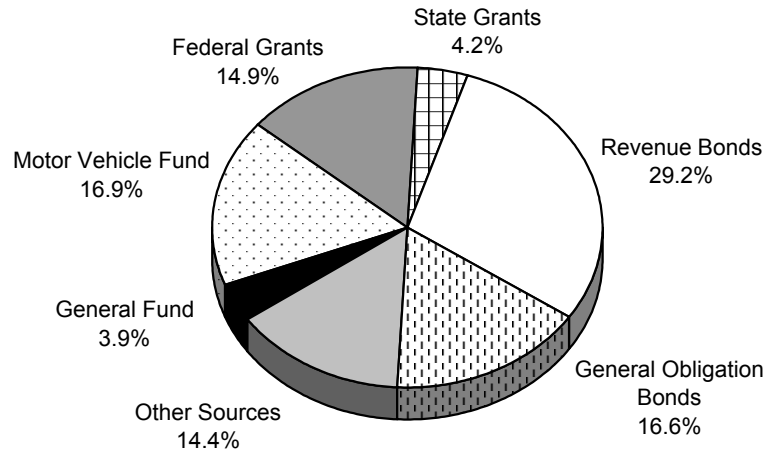
DEPARTMENT OF PUBLIC WORKS – The recommendation for Fiscal 2007 is \$1.1 million, an increase of \$650,000 or 130.0% above the Fiscal 2006 level of appropriation. The agency is utilizing an additional \$500,000 in environmental citation fines to support the Sanitation Enforcement activity budgeted in the General Fund. In addition, \$150,000 in developer impact fees will be utilized to offset the cost to pay for a private vendor to perform clean up services on the Middle Branch of the Patapsco River.

FISCAL 2007

CAPITAL BUDGET

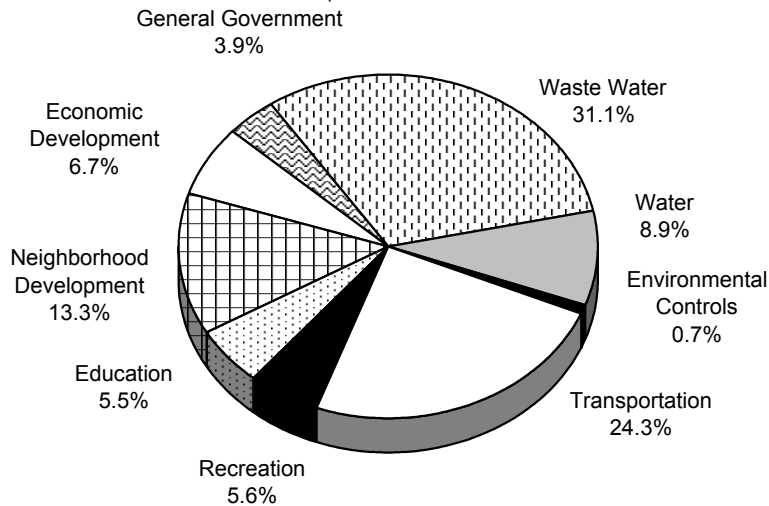
Finance Recommendations

Where the Money Comes From
\$361.9 Million



(Other Sources include the following special sources of revenue: Mayor and City Council Real Property, Waste Water and Water Utilities Revenues, Private Sources, and Counties.)

How the Money Is Used
\$361.9 Million



(Education includes Enoch Pratt Library. Economic Development includes National Aquarium, Baltimore Arena, Museum of Art, Walters Art Gallery, Office of Employment Development and Museum of Industry. Recreation includes the Baltimore Zoo.)

FISCAL 2007

SUMMARY OF RECOMMENDATIONS Capital Budget Plan

Appropriations for the Fiscal 2007 capital program are recommended at \$361.9 million, representing a decrease of \$55.5 million below the Fiscal 2006 level of \$417.4 million.

General Fund Pay-As-You-Go (PAYGO) appropriations are recommended at \$14.0 million. The Fiscal 2007 recommendation includes funding for information technology initiatives, City parkland expansion, general Citywide community projects and repair of City owned buildings.

For Fiscal 2007, General Obligation Bond appropriations are recommended at \$60.0 million. The recommendation includes \$17.0 million for renovation and modernization at City schools, \$4.2 million for park improvements and \$30.4 million for community and economic development projects.

Motor Vehicle PAYGO appropriations are recommended at \$61.0 million. The Fiscal 2007 recommendation includes \$42.1 million for local highway resurfacing and \$2.5 million for storm water and erosion control.

Federal and State grant appropriations are recommended at \$69.1 million, an increase of \$2.0 million. Federal grants include \$23.8 million for highway construction and \$16.9 million for economic and community development. State grants include \$8.5 million for economic and community development and \$6.0 million for general park improvements.

Revenue Bond fund appropriations are recommended at \$105.8 million, a decrease of \$54.6 million from the prior year. City water system improvements are recommended at \$13.9 million and \$90.1 million is recommended for the City's waste water systems. Significant projects include: Stony Run interceptor projects – \$19.1 million, various sewershed rehabilitation and evaluation projects – \$45.1 million, and Water Infrastructure Rehabilitation – \$10.0 million.

In summary, the recommended fund allocations for Fiscal 2007 are:

<i>(Dollars in Millions)</i>	
General Fund (PAYGO)	\$ 14.0
General Obligation Bonds	60.0
Motor Vehicle Revenue (PAYGO)	61.0
Federal and State Grants	69.1
Revenue Bonds	105.8
All Other	52.0
TOTAL	\$ 361.9

Fiscal 2007
Preliminary Budget Plan

Summary Tables



FISCAL 2007

OPERATING AND CAPITAL BUDGET FUND DISTRIBUTION

Finance Recommendations

	Operating Budget	Capital Budget	Total
Funds			
General	\$1,189,923,000	\$14,000,000	\$1,203,923,000
Motor Vehicle	180,027,000	61,000,000	241,027,000
Parking Management	12,380,000	0	12,380,000
Convention Center Bond	4,643,000	0	4,643,000
Water and Waste Water Utilities	273,672,000	10,500,000	284,172,000
Parking Enterprise	25,298,000	0	25,298,000
Conduit Enterprise	7,100,000	0	7,100,000
Loan and Guarantee Enterprise	3,750,000	0	3,750,000
Federal Grants	215,514,982	53,967,000	269,481,982
State Grants	62,551,810	15,100,000	77,651,810
General Obligation Bonds	0	60,000,000	60,000,000
Mayor and City Council Real Property	0	6,500,000	6,500,000
Revenue Bonds	0	105,809,000	105,809,000
Counties	0	28,633,000	28,633,000
Special	42,662,697	0	42,662,697
Other	0	6,370,000	6,370,000
Total - All Funds	\$2,017,522,489	\$361,879,000	\$2,379,401,489

FISCAL 2007

FINANCE RECOMMENDATIONS BY FUND

	Fiscal 2006 Budget	Fiscal 2007 Budget	Dollar Change	Percent Change
Operating Funds				
Local and State-shared Funds				
General	\$1,102,796,000	\$1,189,923,000	\$87,127,000	7.9%
Motor Vehicle	169,124,000	180,027,000	10,903,000	6.4
Parking Management	11,304,000	12,380,000	1,076,000	9.5
Convention Center Bond	4,700,000	4,643,000	(57,000)	(1.2)
Total	1,287,924,000	1,386,973,000	99,049,000	7.7
Enterprise Funds				
Waste Water Utility	145,575,000	158,507,000	12,932,000	8.9
Water Utility	104,881,000	115,165,000	10,284,000	9.8
Parking Enterprise	27,321,000	25,298,000	(2,023,000)	(7.4)
Conduit Enterprise	7,199,000	7,100,000	(99,000)	(1.4)
Loan and Guarantee Enterprise	3,761,000	3,750,000	(11,000)	(0.3)
Total	288,737,000	309,820,000	21,083,000	7.3
Grant Funds				
Federal	218,753,919	215,514,982	(3,238,937)	(1.5)
State	62,446,424	62,551,810	105,386	0.2
Special	43,739,294	42,662,697	(1,076,597)	(2.5)
Total	324,939,637	320,729,489	(4,210,148)	(1.3)
Total Operating - All Funds	\$1,901,600,637	\$2,017,522,489	\$115,921,852	6.1%
Capital Funds				
Pay-As-You-Go				
General	\$3,460,000	\$14,000,000	\$10,540,000	304.6%
Motor Vehicle	66,228,000	61,000,000	(5,228,000)	(7.9)
Waste Water Utility	3,325,000	3,500,000	175,000	5.3
Water Utility	6,000,000	7,000,000	1,000,000	16.7
Total	79,013,000	85,500,000	6,487,000	8.2
Grants				
Federal	54,186,000	53,967,000	(219,000)	(0.4)
State	12,929,000	15,100,000	2,171,000	16.8
Total	67,115,000	69,067,000	1,952,000	2.9
Loans and Bonds				
Revenue Bonds	160,447,000	105,809,000	(54,638,000)	(34.1)
General Obligation Bonds	56,500,000	60,000,000	3,500,000	6.2
Total	216,947,000	165,809,000	(51,138,000)	(23.6)
Mayor and City Council Real Property	2,800,000	6,500,000	3,700,000	132.1
All Other	51,468,000	35,003,000	(16,465,000)	(32.0)
Total Capital - All Funds	\$417,343,000	\$361,879,000	(\$55,464,000)	(13.3)%

FISCAL 2007

FINANCE RECOMMENDATIONS BY FUND

	Fiscal 2006 Budget	Fiscal 2007 Budget	Dollar Change	Percent Change
Total Funds				
Local and State-shared Funds				
General	\$1,106,256,000	\$1,203,923,000	\$97,667,000	8.8%
Motor Vehicle	235,352,000	241,027,000	5,675,000	2.4
Parking Management	11,304,000	12,380,000	1,076,000	9.5
Convention Center Bond	4,700,000	4,643,000	(57,000)	(1.2)
Total	1,357,612,000	1,461,973,000	104,361,000	7.7
Enterprise Funds				
Waste Water Utility	148,900,000	162,007,000	13,107,000	8.8
Water Utility	110,881,000	122,165,000	11,284,000	10.2
Parking Enterprise	27,321,000	25,298,000	(2,023,000)	(7.4)
Conduit Enterprise	7,199,000	7,100,000	(99,000)	(1.4)
Loan and Guarantee Enterprise	3,761,000	3,750,000	(11,000)	(0.3)
Total	298,062,000	320,320,000	22,258,000	7.5
Grant Funds				
Federal	272,939,919	269,481,982	(3,457,937)	(1.3)
State	75,375,424	77,651,810	2,276,386	3.0
Special	43,739,294	42,662,697	(1,076,597)	(2.5)
Total	392,054,637	389,796,489	(2,258,148)	(0.6)
Loans and Bonds				
Revenue Bonds	160,447,000	105,809,000	(54,638,000)	(34.1)
General Obligation Bonds	56,500,000	60,000,000	3,500,000	6.2
Total	216,947,000	165,809,000	(51,138,000)	(23.6)
Mayor and City Council Real Property	2,800,000	6,500,000	3,700,000	132.1
All Other	51,468,000	35,003,000	(16,465,000)	(32.0)
Total - All Funds	\$2,318,943,637	\$2,379,401,489	\$60,457,852	2.6%

FISCAL 2007

OPERATING BUDGET COMPARED WITH AGENCY REQUESTS AND PRIOR YEAR BUDGET

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	FISCAL 2007 REQUEST	FISCAL 2007 BUDGET	CHANGE IN BUDGET
Board of Elections	\$5,925,353	\$6,373,100	\$6,373,002	\$447,649
General	5,675,353	6,123,100	6,373,002	697,649
Federal	250,000	250,000	0	(250,000)
City Council	3,549,490	3,791,666	4,398,631	849,141
General	3,549,490	3,791,666	4,398,631	849,141
Community Relations Commission	937,556	1,038,154	1,005,046	67,490
General	880,000	975,175	942,060	62,060
Federal	57,556	62,979	62,986	5,430
Comptroller	17,241,420	16,944,982	17,099,891	(141,529)
General	4,061,299	4,239,034	4,392,382	331,083
Special	173,402	126,505	127,339	(46,063)
Internal Service	13,006,719	12,579,443	12,580,170	(426,549)
Council Services	541,762	597,001	555,039	13,277
General	541,762	597,001	555,039	13,277
Courts: Circuit Court	13,164,046	14,410,878	14,250,723	1,086,677
General	8,032,939	8,865,694	8,699,531	666,592
Federal	1,289,127	1,347,677	1,353,568	64,441
State	3,841,980	4,197,507	4,197,624	355,644
Courts: Orphans' Court	429,012	451,159	457,444	28,432
General	429,012	451,159	457,444	28,432
Employees' Retirement Systems	8,056,692	8,982,200	7,530,588	(526,104)
Special	8,056,692	8,982,200	7,530,588	(526,104)
Enoch Pratt Free Library	30,440,181	33,848,591	33,148,669	2,708,488
General	19,618,288	22,779,649	22,116,467	2,498,179
State	10,325,766	10,552,555	10,501,598	175,832
Special	496,127	516,387	530,604	34,477
Finance	21,160,296	24,322,853	23,437,646	2,277,350
General	9,170,151	11,077,812	10,219,559	1,049,408
Loan and Guarantee Enterprise	3,154,422	3,150,893	3,151,309	(3,113)
Internal Service	8,835,723	10,094,148	10,066,778	1,231,055
Fire	136,856,847	146,819,274	144,531,530	7,674,683
General	118,105,012	125,846,146	121,722,227	3,617,215
Federal	6,512,000	8,700,000	10,675,948	4,163,948
State	1,239,835	1,239,835	1,123,355	(116,480)
Special	11,000,000	11,033,293	11,010,000	10,000
Health	163,299,702	165,480,502	163,892,149	592,447
General	22,149,804	25,976,086	24,484,871	2,335,067
Federal	112,804,313	112,231,553	111,977,924	(826,389)
State	18,718,942	17,871,103	17,910,988	(807,954)
Special	9,626,643	9,401,760	9,518,366	(108,277)
Housing and Community Development	77,718,790	82,558,535	80,954,439	3,235,649
General	12,731,314	19,709,962	20,919,656	8,188,342
Federal	51,417,850	49,794,040	46,876,887	(4,540,963)
State	9,315,876	10,090,694	10,191,687	875,811
Special	4,253,750	2,963,839	2,966,209	(1,287,541)
Human Resources	5,406,781	5,365,456	5,440,664	33,883
General	2,261,059	2,473,009	2,548,188	287,129

FISCAL 2007

OPERATING BUDGET COMPARED WITH AGENCY REQUESTS AND PRIOR YEAR BUDGET

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	FISCAL 2007 REQUEST	FISCAL 2007 BUDGET	CHANGE IN BUDGET
Human Resources (cont.)				
Internal Service	3,145,722	2,892,447	2,892,476	(253,246)
Law	7,489,911	7,737,192	7,908,246	418,335
General	2,910,150	3,082,987	3,211,396	301,246
Special	0	0	356	356
Internal Service	4,579,761	4,654,205	4,696,494	116,733
Legislative Reference	787,504	800,404	800,418	12,914
General	776,104	789,004	789,018	12,914
Special	11,400	11,400	11,400	0
Liquor License Board	1,780,488	1,878,083	1,902,169	121,681
General	1,780,488	1,878,083	1,902,169	121,681
Mayoralty	3,383,202	3,860,876	3,905,105	521,903
General	3,243,202	3,720,876	3,765,105	521,903
Special	140,000	140,000	140,000	0
M-R: Art and Culture	6,061,486	8,528,493	7,086,076	1,024,590
General	6,061,486	8,528,493	7,086,076	1,024,590
M-R: Baltimore City Public Schools	207,767,545	207,940,795	207,940,795	173,250
General	204,113,545	204,286,795	204,286,795	173,250
Motor Vehicle	3,654,000	3,654,000	3,654,000	0
M-R: Cable and Communications	2,021,604	2,309,576	2,309,611	288,007
General	389,099	413,165	413,165	24,066
Special	1,632,505	1,896,411	1,896,446	263,941
M-R: Civic Promotion	9,638,243	11,871,740	11,729,864	2,091,621
General	9,638,243	11,571,740	11,429,864	1,791,621
Motor Vehicle	0	300,000	300,000	300,000
M-R: Commission on Aging/Retire. Educ.	10,305,895	11,347,837	10,514,672	208,777
General	875,436	1,908,847	1,098,020	222,584
Motor Vehicle	325,000	341,250	325,000	0
Federal	4,645,937	4,774,381	4,771,405	125,468
State	3,695,224	3,875,021	3,871,909	176,685
Special	764,298	448,338	448,338	(315,960)
M-R: Conditional Purchase Agreements	20,050,498	20,058,559	20,058,559	8,061
General	19,435,099	19,451,911	19,451,911	16,812
Loan and Guarantee Enterprise	606,578	598,691	598,691	(7,887)
Special	451	236	236	(215)
Internal Service	8,370	7,721	7,721	(649)
M-R: Contingent Fund	750,000	750,000	750,000	0
General	750,000	750,000	750,000	0
M-R: Convention Complex	20,595,262	21,514,218	21,590,737	995,475
General	12,295,262	13,617,293	13,947,737	1,652,475
Convention Center Bond	4,700,000	4,642,467	4,643,000	(57,000)
State	3,600,000	3,254,458	3,000,000	(600,000)
M-R: Debt Service	79,528,381	78,722,390	78,722,390	(805,991)
General	71,968,386	70,678,778	70,678,778	(1,289,608)
Motor Vehicle	7,559,995	8,043,612	8,043,612	483,617
M-R: Educational Grants	1,180,986	1,385,443	1,382,756	201,770
General	1,180,986	1,385,443	1,382,756	201,770

FISCAL 2007

OPERATING BUDGET COMPARED WITH AGENCY REQUESTS AND PRIOR YEAR BUDGET

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	FISCAL 2007 REQUEST	FISCAL 2007 BUDGET	CHANGE IN BUDGET
M-R: Employees' Retirement Contribution	62,236,605	80,094,580	84,025,580	21,788,975
General	56,794,605	73,699,580	77,630,580	20,835,975
Motor Vehicle	5,442,000	6,395,000	6,395,000	953,000
M-R: Environmental Control Board	365,955	452,000	452,428	86,473
General	365,955	452,000	452,428	86,473
M-R: Health and Welfare Grants	81,968	164,183	94,683	12,715
General	81,968	164,183	94,683	12,715
M-R: Miscellaneous General Expenses	11,139,956	11,139,956	11,410,583	270,627
General	9,903,106	9,903,106	10,173,733	270,627
Motor Vehicle	1,236,850	1,236,850	1,236,850	0
M-R: Office of Children, Youth and Families	1,597,087	2,029,467	1,282,191	(314,896)
General	581,000	960,716	679,004	98,004
Federal	712,900	765,564	300,000	(412,900)
State	303,187	303,187	303,187	0
M-R: Office of CitiStat Operations	447,000	517,915	516,000	69,000
General	447,000	517,915	516,000	69,000
M-R: Office of Employment Development	19,865,350	22,703,837	22,959,128	3,093,778
General	1,847,851	5,162,848	6,359,935	4,512,084
Federal	17,469,079	17,046,585	16,062,089	(1,406,990)
State	449,743	493,475	537,104	87,361
Special	98,677	929	0	(98,677)
M-R: Office of Information Technology	10,643,789	15,317,480	11,412,599	768,810
General	10,643,789	15,317,480	11,412,599	768,810
M-R: Office of Neighborhoods	645,000	816,010	719,042	74,042
General	645,000	816,010	719,042	74,042
M-R: Office of the Inspector General	0	0	636,011	636,011
General	0	0	636,011	636,011
M-R: Office of the Labor Commissioner	469,939	483,719	489,339	19,400
General	469,939	483,719	489,339	19,400
M-R: Retirees' Benefits	84,761,100	91,054,875	91,054,875	6,293,775
General	73,186,100	78,496,000	78,496,000	5,309,900
Motor Vehicle	11,575,000	12,558,875	12,558,875	983,875
M-R: Self-Insurance Fund	12,119,636	14,119,636	12,119,636	0
General	9,225,082	11,225,082	9,225,082	0
Motor Vehicle	2,894,554	2,894,554	2,894,554	0
M-R: TIF Debt Service	140,000	2,899,236	2,899,236	2,759,236
General	140,000	2,899,236	2,899,236	2,759,236
Municipal and Zoning Appeals	371,000	396,394	396,411	25,411
General	371,000	396,394	396,411	25,411
Planning	3,374,602	3,749,076	3,399,227	24,625
General	1,267,000	1,472,025	1,380,212	113,212
Motor Vehicle	725,006	912,238	711,019	(13,987)
Federal	1,182,596	1,224,813	1,167,996	(14,600)
State	200,000	140,000	140,000	(60,000)
Police	318,300,363	347,270,503	333,605,509	15,305,146
General	273,943,719	297,409,947	288,397,748	14,454,029
Motor Vehicle	11,388,957	11,622,633	11,931,000	542,043

FISCAL 2007

OPERATING BUDGET COMPARED WITH AGENCY REQUESTS AND PRIOR YEAR BUDGET

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	FISCAL 2007 REQUEST	FISCAL 2007 BUDGET	CHANGE IN BUDGET
Police (cont.)				
Federal	20,290,655	25,263,097	20,271,580	(19,075)
State	6,637,792	6,620,962	6,637,587	(205)
Special	6,039,240	6,353,864	6,367,594	328,354
Public Works	390,850,488	435,342,911	423,790,429	32,939,941
General	62,112,422	69,487,052	67,676,462	5,564,040
Motor Vehicle	36,969,700	42,916,892	36,831,650	(138,050)
Waste Water Utility	145,575,000	158,921,392	158,507,000	12,932,000
Water Utility	104,881,000	118,221,605	115,165,000	10,284,000
Special	500,000	500,000	1,150,000	650,000
Internal Service	40,812,366	45,295,970	44,460,317	3,647,951
Recreation and Parks	29,139,182	31,214,213	30,716,041	1,576,859
General	23,889,682	25,830,870	25,286,454	1,396,772
Motor Vehicle	4,180,616	4,284,998	4,331,197	150,581
Federal	0	10,372	10,394	10,394
State	172,775	172,775	172,775	0
Special	896,109	915,198	915,221	19,112
Sheriff	10,353,704	11,802,103	11,565,020	1,211,316
General	10,286,804	11,735,203	11,540,520	1,253,716
Federal	66,900	66,900	24,500	(42,400)
Social Services	230,000	245,556	230,000	0
General	230,000	245,556	230,000	0
State's Attorney	27,834,542	35,486,938	30,665,454	2,830,912
General	22,324,621	29,285,222	25,177,753	2,853,132
Federal	1,680,006	1,927,734	1,584,705	(95,301)
State	3,779,915	4,223,982	3,852,996	73,081
Special	50,000	50,000	50,000	0
Transportation	130,158,099	142,141,659	137,269,867	7,111,768
General	621,388	1,387,610	1,191,624	570,236
Motor Vehicle	83,172,322	95,160,382	90,814,243	7,641,921
Parking Management	11,304,000	12,650,926	12,380,000	1,076,000
Parking Enterprise	27,321,000	25,245,568	25,298,000	(2,023,000)
Federal	375,000	375,000	375,000	0
State	165,389	111,000	111,000	(54,389)
Others	7,199,000	7,211,173	7,100,000	(99,000)
Wage Commission	461,000	466,786	471,973	10,973
General	461,000	466,786	471,973	10,973
War Memorial Commission	334,000	369,303	368,324	34,324
General	334,000	369,303	368,324	34,324
TOTAL OPERATING RECOMMENDATIONS	\$1,971,989,298	\$2,139,968,293	\$2,092,226,445	\$120,237,147
LESS INTERNAL SERVICE FUND	70,388,661	75,523,934	74,703,956	4,315,295
NET OPERATING RECOMMENDATIONS	\$1,901,600,637	\$2,064,444,359	\$2,017,522,489	\$115,921,852

FISCAL 2007

OPERATING BUDGET COMPARED WITH AGENCY REQUESTS AND PRIOR YEAR BUDGET

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	FISCAL 2007 REQUEST	FISCAL 2007 BUDGET	CHANGE IN BUDGET
SUMMARY BY FUND				
General	\$1,102,796,000	\$1,213,152,751	\$1,189,923,000	\$87,127,000
Motor Vehicle	169,124,000	190,321,284	180,027,000	10,903,000
Parking Management	11,304,000	12,650,926	12,380,000	1,076,000
Convention Center Bond	4,700,000	4,642,467	4,643,000	(57,000)
Waste Water Utility	145,575,000	158,921,392	158,507,000	12,932,000
Water Utility	104,881,000	118,221,605	115,165,000	10,284,000
Parking Enterprise	27,321,000	25,245,568	25,298,000	(2,023,000)
Loan and Guarantee Enterprise	3,761,000	3,749,584	3,750,000	(11,000)
Conduit Enterprise	7,199,000	7,211,173	7,100,000	(99,000)
Federal	218,753,919	223,840,695	215,514,982	(3,238,937)
State	62,446,424	63,146,554	62,551,810	105,386
Special	43,739,294	43,340,360	42,662,697	(1,076,597)
Internal Service	70,388,661	75,523,934	74,703,956	4,315,295
TOTAL OPERATING RECOMMENDATIONS	\$1,971,989,298	\$2,139,968,293	\$2,092,226,445	\$120,237,147
INTERNAL SERVICE FUND BY AGENCY				
Comptroller	\$13,006,719	\$12,579,443	\$12,580,170	(\$426,549)
Finance	8,835,723	10,094,148	10,066,778	1,231,055
Human Resources	3,145,722	2,892,447	2,892,476	(253,246)
Law	4,579,761	4,654,205	4,696,494	116,733
M-R: Conditional Purchase Agreements	8,370	7,721	7,721	(649)
Public Works	40,812,366	45,295,970	44,460,317	3,647,951
TOTAL INTERNAL SERVICE FUND	\$70,388,661	\$75,523,934	\$74,703,956	\$4,315,295

FISCAL 2007

CHANGES TO PERMANENT FULL-TIME POSITIONS

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	B OF E CHANGES	ABOLISHMENTS	OTHER CHANGES	FISCAL 2007 BUDGET
Board of Elections	3	0	0	0	3
General	3	0	0	0	3
City Council	58	6	0	0	64
General	58	6	0	0	64
Community Relations Commission	14	0	0	0	14
General	13	0	0	0	13
Federal	1	0	0	0	1
Comptroller	102	0	0	0	102
General	66	0	0	0	66
Special	2	0	0	0	2
Internal Service	34	0	0	0	34
Council Services	7	0	0	0	7
General	7	0	0	0	7
Courts: Circuit Court	125	2	0	0	127
General	84	2	0	0	86
Federal	19	0	0	0	19
State	22	0	0	0	22
Courts: Orphans' Court	5	0	0	0	5
General	5	0	0	0	5
Employees' Retirement Systems	85	4	(1)	0	88
Special	85	4	(1)	0	88
Enoch Pratt Free Library	417	1	(1)	0	417
General	346	0	0	0	346
State	62	0	0	0	62
Special	9	1	(1)	0	9
Finance	318	0	0	0	318
General	271	0	0	0	271
Loan and Guarantee Enterprise	2	0	0	0	2
Internal Service	45	0	0	0	45
Fire	1,743	0	0	0	1,743
General	1,719	0	0	0	1,719
Special	24	0	0	0	24
Health	680	3	(12)	0	671
General	183	1	(4)	12	192
Federal	268	1	(5)	(2)	262
State	49	1	(3)	(5)	42
Special	180	0	0	(5)	175
Housing and Community Development	518	24	(1)	0	541
General	135	5	0	193	333
Federal	312	9	(1)	(197)	123
State	67	0	0	(5)	62
Special	4	10	0	9	23
Human Resources	53	1	0	0	54
General	46	1	0	0	47
Internal Service	7	0	0	0	7
Law	101	2	0	0	103
General	60	2	0	0	62
Special	13	0	0	0	13
Internal Service	28	0	0	0	28

FISCAL 2007

CHANGES TO PERMANENT FULL-TIME POSITIONS

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	B OF E CHANGES	ABOLISHMENTS	OTHER CHANGES	FISCAL 2007 BUDGET
Legislative Reference	8	0	0	0	8
General	8	0	0	0	8
Liquor License Board	33	0	0	0	33
General	33	0	0	0	33
Mayoralty	50	1	0	0	51
General	50	1	0	0	51
M-R: Cable and Communications	9	3	0	0	12
General	2	0	0	0	2
Special	7	3	0	0	10
M-R: Commission on Aging/Retire. Educ.	71	7	0	0	78
General	5	0	0	0	5
Federal	38	0	0	0	38
State	28	7	0	0	35
M-R: Convention Complex	177	0	0	0	177
General	177	0	0	0	177
M-R: Environmental Control Board	5	0	0	0	5
General	5	0	0	0	5
M-R: Office of Children, Youth, Families	8	1	0	0	9
General	7	0	0	0	7
Federal	1	1	0	0	2
M-R: Office of CitiStat Operations	8	0	0	0	8
General	8	0	0	0	8
M-R: Office of Employment Development	349	0	(54)	0	295
General	13	0	(1)	30	42
Federal	327	0	(50)	(32)	245
State	8	0	(3)	3	8
Special	1	0	0	(1)	0
M-R: Office of Information Technology	168	0	0	0	168
General	168	0	0	0	168
M-R: Office of Neighborhoods	12	0	0	0	12
General	12	0	0	0	12
M-R: Office of the Inspector General	0	0	0	1	1
General	0	0	0	1	1
M-R: Office of the Labor Commissioner	5	0	0	0	5
General	5	0	0	0	5
Municipal and Zoning Appeals	10	0	0	0	10
General	10	0	0	0	10
Planning	51	1	(3)	0	49
General	29	1	(3)	(1)	26
Motor Vehicle	9	0	0	0	9
Federal	13	0	0	1	14
Police	3,935	2	0	0	3,937
General	3,728	2	0	0	3,730
Motor Vehicle	86	0	0	0	86
Federal	9	0	0	0	9
State	61	0	0	0	61
Special	51	0	0	0	51
Public Works	3,461	4	(31)	0	3,434
General	552	3	0	43	598

FISCAL 2007

CHANGES TO PERMANENT FULL-TIME POSITIONS

Finance Recommendations

AGENCY AND FUND	FISCAL 2006 BUDGET	B OF E CHANGES	ABOLISHMENTS	OTHER CHANGES	FISCAL 2007 BUDGET
Motor Vehicle	651	0	0	(38)	613
Waste Water Utility	1,069	0	(11)	2	1,060
Water Utility	926	1	(20)	(7)	900
Internal Service	263	0	0	0	263
Recreation and Parks	364	0	0	0	364
General	314	0	0	0	314
Motor Vehicle	40	0	0	0	40
Federal	5	0	0	0	5
Special	5	0	0	0	5
Sheriff	203	0	0	0	203
General	203	0	0	0	203
State's Attorney	402	16	(1)	0	417
General	309	15	0	14	338
Federal	33	1	0	(13)	21
State	60	0	(1)	(1)	58
Transportation	1,565	5	0	0	1,570
General	394	0	0	0	394
Motor Vehicle	1,014	5	0	0	1,019
Parking Management	101	0	0	0	101
Conduit Enterprise	55	0	0	0	55
State	1	0	0	0	1
Wage Commission	8	0	0	0	8
General	8	0	0	0	8
War Memorial Commission	6	0	0	0	6
General	6	0	0	0	6
GRAND TOTAL	15,137	83	(104)	1	15,117
SUMMARY BY FUND					
General	9,042	39	(8)	292	9,365
Motor Vehicle	1,800	5	0	(38)	1,767
Parking Management	101	0	0	0	101
Waste Water Utility	1,069	0	(11)	2	1,060
Water Utility	926	1	(20)	(7)	900
Loan and Guarantee Enterprise	2	0	0	0	2
Conduit Enterprise	55	0	0	0	55
Federal	1,026	12	(56)	(243)	739
State	358	8	(7)	(8)	351
Special	381	18	(2)	3	400
Internal Service	377	0	0	0	377
GRAND TOTAL	15,137	83	(104)	1	15,117

FISCAL 2007

TOTAL CAPITAL RECOMMENDATIONS

Capital Funds	Fiscal 2006 Budget	Fiscal 2007 Budget	Dollar Change	Percent Change
Pay-As-You-Go				
General Fund	\$ 3,460,000	\$ 14,000,000	\$ 10,540,000	304.6%
Motor Vehicle	66,228,000	61,000,000	(5,228,000)	(7.9)%
Waste Water Utility	3,325,000	3,500,000	175,000	5.3%
Water Utility	6,000,000	7,000,000	1,000,000	16.7%
Total Pay-As-You-Go	79,013,000	85,500,000	6,487,000	8.2%
Grants				
Federal Funds	54,186,000	53,967,000	(219,000)	(0.4)%
State Funds	12,929,000	15,100,000	2,171,000	16.8%
Total Grants	67,115,000	69,067,000	1,952,000	2.9%
Loans and Bonds				
Revenue Bonds	160,447,000	105,809,000	(54,638,000)	(34.1)%
General Obligation Bonds	56,500,000	60,000,000	3,500,000	6.2%
Total Loans and Bonds	216,947,000	165,809,000	(51,138,000)	(23.6)%
Mayor & City Council Real Property	2,800,000	6,500,000	3,700,000	132.1%
All Other	51,468,000	35,003,000	(16,465,000)	(32.0)%
Total Capital - All Funds	\$417,343,000	\$361,879,000	\$ (55,464,000)	(13.3)%

FISCAL 2007

CAPITAL BUDGET FUND DISTRIBUTION BY AGENCY DETAIL

(Dollars in Thousands)

Agency	General Funds	General Obligation Bonds	Revenue Loans	Motor Vehicle Funds	Utility Funds	Federal Funds	State Funds	Other Funds	AGENCY TOTAL
Baltimore City Public Schools		17,000							17,000
Enoch Pratt Free Library	1,200	1,300							2,500
Finance	5,000								5,000
Health	220					250			470
Housing & Community Development									
Community Development	2,300	19,550				16,892	500	7,800	47,042
Economic Development		10,800					8,000	3,000	21,800
Mayoralty-Related									
B & O Museum		500							500
Information Technology Initiatives	100								100
Healthcare for the Homeless Facility		650							650
Community Development	200	700							900
Science Center Expansion		300							300
Walters Art Gallery		500							500
Senior Centers	200					100		70	370
Municipal Markets	630								630
Planning		700							700
National Aquarium		750							750
Public Works									
Erosion/ Polluton Control				2,500					2,500
General Services	650	3,080		670			150		4,550
Solid Waste				100				1,000	1,100
Storm Water				3,500					3,500
Waste Water			90,148		3,500			17,502	111,150
Water			13,869		7,000			11,131	32,000
Recreation and Parks	3,500	4,170		2,550		3,600	6,050	1,000	20,870
Transportation									
Alleys and Sidewalks				3,250					3,250
Federal Highways				1,635		6,045			7,680
Local Highways			1,792	42,095		23,880	400		68,167
Street Lighting				1,000					1,000
Traffic				3,700		3,200			6,900
TOTAL BY FUND	\$14,000	\$60,000	\$105,809	\$61,000	\$10,500	\$53,967	\$15,100	\$41,503	\$361,879



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